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Poland

According to an 8 July PAP report, President Lech Walesa accepted the candidacy of Hanna Suchocka for prime minister and her proposed cabinet. Suchocka stated that "after quarrels and conflicts, the government of national agreement must be formed now." In another PAP article dated 8 July, Suchocka is quoted as saying that she wanted "a government of conciliation, one that will discard controversies, quarrels and wars." Warsaw TV broadcast an interview with President Lech Walesa from Warsaw airport on 8 July, in which he was asked about his views on the "chances for stability of this government." He replied: "If the present government does not succeed, we are not going to play games any more."

Yugoslavia

Federal—TANJUG reports that President Dobrica Cosic met with Presidency of the Serbian republic of Bosnia-Hercegovina President Radovan Karadzic in Belgrade on 8 July. Cosic's office released the following statements: "Stress was laid on the firm determination of the Federal Republic of Yugoslavia and the leadership of the Serbian people in Bosnia-Hercegovina for an immediate and unconditional cease-fire. They particularly expressed the need to establish a lasting cease-fire in the wider region of the city of Sarajevo." "Both sides were convinced that the international community, primarily the UN Security Council, the EC, and the CSCE, should exercise the pressure necessary to halt the civil war in Bosnia-Hercegovina on the Croatian and Muslim side."

Romania

Romanian Defense Minister Nicolae Spiroiu stated in a COTIDIANUL newspaper interview that "there is no military involvement on Romania's behalf" in Moldova, reports ROMPRES. Spiroiu does note, however, that Romania has supplied the Republic of Moldova with "a small quantity of infantry armament" at Moldova's request, adding "this does not mean military involvement."

Czechoslovakia

Bratislava radio reports that during a news conference in Prague, Foreign Minister Jozef Moravcik said: "If the division of Czechoslovakia is to go ahead, then the likely date is 1 January 1993." He noted that Czechoslovakia could turn into "two subjects of international law"

In another news item, Prague Radio reports that Moravcik stated that the CSCE can play a "stabilization role in averting and solving local conflicts." He added that his "intention is to use CSCE mechanisms so a possible division of our state would not generate destabilization in Central Europe."

Council of Ministers Condemns Attempted 'Exodus'

AU0907144492 Tirana Radio Tirana Network in Albanian 1730 GMT 8 Jul 92

[Text] The Council of Ministers, at its urgent and extraordinary meeting of 7 July, after analyzing all aspects of recent events and especially the attempts at an exodus in Vlore, Durres, and Tirana, informs the Albanian people that illegal strikes, attempts at exoduses and other activities against the law and decrees approved by the People's Assembly and the government are considered antidemocratic activities. These activities, organized by former communist-Laborites burdened with responsibility for the past and who wielded power until yesterday, and foreign hostile activities, aim to destroy democratic processes in the country and to bring down the Albanian economy that is entering a market economy. This situation would be marked by exceptional consequences for the country and the entire Albanian nation.

Being aware that the government has undertaken to lead the country under an extremely difficult economic situation as a result of the 46 years of communist-Laborite rule, of anti-Albanian policies, real genocide against Albanians, and a systematic destruction of Albanian economy, the Council of Ministers states that, in the course of its work to carry out its program for economic consolidation, public order, and the democratization of Albania and to ensure progress and increased prosperity for all, the government will act decisively against all illegal and antinational activity organized by former communist-Laborite forces who were in power until yesterday, by their successors and by other anti-Albanian forces that they provoke and support.

The Ministry of Public Order, the Defense Ministry, and other lawful authorities must act urgently to find the culprits and to confront them with the law, as in the case of the illegal strikes with consequences for people's lives and the economy, in the case of the exodus, in cases of the failure to hand in weapons, etc. The government demands the support of all political and democratic forces and of the entire Albanian people in eliminating these phenomena with dangerous consequences for the present and the future of the country, and makes the commitment that, within its legal responsibilities, it will interfere immediately and forcefully in order to detain and harshly punish the culprits. The Council of Ministers calls this a historic necessity in its mission to democratize Albania and gain entry into Europe, and will use the support of democratic laws to cope with the serious economic situation that was inherited and to integrate Albania into Europe.

Discusses Customs, Compensation Bill

AU0807143492 Tirana ATA in French 0851 GMT 8 Jul 92

[Text] Tirana, 8 Jul (ATA)—The Council of Ministers met on 7 July under the chairmanship of Prime Minister Aleksander Meksi in order to adopt various bills and to make certain decisions.

The Council of Ministers first examined the draft customs regulations of the Republic of Albania, prepared by the Ministry of Finance and the Economy. This draft is based on the Albanian tradition of laws on customs and on the customs regulations of the EEC, certain European countries, the United States, Canada, and Australia. The work was done in consultation with the customs experts of international organizations.

This highly important bill creates a legal basis for the state's economic and financial control of the export, import, and transit of goods, the delivery of postal packages, passenger transportation, etc.

The draft customs regulations consist of three chapters: The first outlines general dispositions defining the purpose of the work of the customs, the territory of the customs, the nature and organization of the customs service, the duties of customs officers, etc. The second chapter lays down the legal regulations and procedures for the customs inspection of goods and vehicles, and persons entering or leaving the territory of the Republic of Albania. The third chapter covers the customary procedure of customs clearance.

The government then revised the bill "On Drafting and Implementing the State Budget of the Republic of Albania," which authorizes the Ministry of Finance and the Economy to draft and implement a fiscal policy to be contained in the state budget.

The general provisions of the bill define the meaning of the state budget, which includes revenues, local budgets, and the social insurance and social assistance budgets.

The second chapter defines the procedure whereby the Ministry of Finance and the Economy drafts the state budget, and this ministry's competences and schedule of work .

The third chapter contains provisions on the implementation of the state budget. The government generally supervises its implementation, but the bill gives a special role to the Ministry of Finance and the Economy.

The Council of Ministers then approved the bill "On Compensation for Former Land Owners." According to this bill, the state recognizes the right to compensate proprietors and their heirs according to land registry or mortgage documents, or, when these are missing, by court decision.

Article Five defines the criteria for compensation. Owners are compensated in full for areas of land up to 10 hectares, and for larger areas compensation is calculated according to the following scale: Owners of areas of 10-100 hectares receive compensation to the value of 0.1 hectare for every hectare over 10 hectares. Proprietors who owned areas of 100-1200 hectares will receive compensation to a value of 0.01 hectares for every 100 hectares, and landowners owning more than 1,200 hectares will receive 30 hectares in compensation. According

to Article Eight, the levels of compensation and a timetable will be defined by law.

The Council of Ministers also approved the bill "On Providing Book to Libraries Free of Charge" and three bills envisaging changes to the laws "On the Organization of the National Intelligence Service;" "The Forces of Order;" and "The Restoration of Ranks."

The government then examined and approved in principle the decree "On Creating the Agency for the Rehabilitation and Restructuring of Agricultural Enterprises," a body that will administer these enterprises. The government decided to revoke the decrees of the previous government granting construction sites in the center of Tirana and in the area behind the artificial lake. The decree entitled "An Amendment to the Decree of the Council of Ministers on the Criteria for Land Distribution" grants land to former political prisoners and victims of persecution currently resident in the countryside and who are not employed or housed in towns.

People's Assembly Discusses Economic Reform

AU0807165692 Tirana ATA in English 1004 GMT 8 Jul 92

[Text] Tirana, July 8 (ATA)—On July 6 the People's Assembly continued its proceedings related to the interpellation of the Minister of Finances and Economy, Genc Ruli. The chairman of the Presidency of the People's Assembly, Pjeter Arbnori called on deputies to air their views on the material submitted on behalf of the government. Then 24 deputies from all parliamentary groups thanked Mr. Ruli for the overview presented realistically, with competence and transparence with regard to the economic state at home, the explanations he gave in regard to the economic reform, etc. The speakers appreciated the economic policy pursued over this three month time and the endeavors of the government of Mr. Meksi to cope with the grave situation, and in this regard their also expressed their objections. They said that there is no development without reform and to this end it is necessary to step up action for the further privatization, development of production, fight against speculators and corruption, etc. They also said that the stabilizing measures which make up the initial stage of the reform must not suffice the government but it must strive and have clear the reform in all the aspects, etc.

Then the deputies went on with the review of draft laws. They endorsed the golden medal "Vanguard of Democracy" awarded to the Albanian nationals or those of Albanian origin and patriotic associations and organizations for outstanding services and lofty patriotic sacrifices to the benefit of lofty ideals of the Albanian nation. The Assembly approved the commission for drafting the constitution of the Republic of Albania made up of seven persons, with representatives from all parliamentary groups as well as the commission which will deal with the problem of bugging instruments declared by the foreign minister.

Then the Assembly reviewed the draft law "On Prices and Tariffs" which is an important step toward prices fixed freely by economic subjects according to demand and offer in the market. The Council of Ministers is the sole state organ entitled with the right to fix prices and tariffs.

In the end the deputies approved this law in general.

The Assembly continues its proceedings today.

Atanasov Government Accused of Supplying Arms

AU0707183092 Sofia BTA in English 1618 GMT 7 Jul 92

[Text] Sofia, July 7 (BTA)—Arms supplies cannot be described as humanitarian aid, as some Socialist MP's [members of parliament] are trying to suggest, said Prosecutor General Ivan Tatarchev. Georgi Atanasov's government took secret decisions to allocate grant aid in arms to countries ruled by terrorist governments, and the facts in this criminal activity are investigated in Case No. 3, he added.

The prosecutor general gave BTA a number of examples corroborating his thesis. Millions of dollars' worth of weapons were exported under the heading "special-purpose equipment" to Iraq, Libya, Nicaragua, Syria and other countries.

By a Secret Decision No. 8 of 1986, grenade dischargers with a full set of ammunition to the value of 10 million dollars were sent to Nicaragua. The same consignment included four assault landing ships of the Otter type, but they were not sent on considerations related to the then international situation.

Further special-purpose equipment worth 20 million dollars was provided to Nicaragua under Decision No. 27 of 1987.

Iraq received 196 million foreign-currency leva and Libya 100 million dollars in "special-equipment" assistance.

In 1989, 3,300,000 leva were allocated to Laos in grant aid to pay the travelling expenses and training of military personnel, and the Palestine Liberation Organization got more than half a million leva for its status in Bulgaria.

There are numerous examples, and new evidence comes to light every day, Mr. Tatarchev said.

Lukanov Arrested in Sofia on Economic Charges

AU0907112992 Sofia BTA in English 1104 GMT 9 Jul 92

[Text] Sofia, July 9 (BTA)—Ex-Premier Andrey Lukanov MP [member of parliament] of the Bulgarian Socialist Party was put under arrest at the National Investigation Service in Sofia today at 1230 PM local time under an arrest warrant issued by Prosecutor General Ivan Tatarchev. He brought charges against Lukanov on Case Number Three and ordered him arrested. Case Number Three is a trial of culprits for the granting of 264 million dollars and 56 million rubles in loans and financial aid to third world countries. This squandering of large sums precipitated Bulgaria's economic catastrophe. Other former high-ranking communist functionaries of the party, state, government and economic nomenklatura are expected to be arrested under separate warrants.

Socialist Figures Comment

AU0907080892 Sofia BTA in English 1958 GMT 8 Jul 92

["Today"—BTA lead]

[Excerpts] Sofia, July 8 (BTA)—The Bulgarian Parliament held a normal sitting today. It succeeded in making up a quorum after MP's [members of parliament] of the Bulgarian Socialist Party declared yesterday they temporarily suspend work in protest against ex-Prime Minister Andrey Lukanov's stripping of parliamentary immunity. [passage omitted]

The Bulgarian Socialist, ex-Communist, Party (BSP) held a meeting today to discuss the party's steps following yesterday's decision of parliament to strip the Socialist ex-Prime Minister Andrey Lukanov of parliamentary immunity.

The leader of the Alliance for Social Democracy in the BSP Chavdar Kyuranov told a press conference that "the alliance is expecting the court's final decisions." "The investigation itself will hardly produce new results as everything is settled in advance," he said. Parliament is turning into a "convention" or a punitive body, floor leader of the BSP parliamentary group Nora Ananieva told the press conference. According to Ms. Ananieva, developments related to the Lukanov case should mark the beginning of a new attitude to the work of the National Assembly. The BSP will submit its requirements and definitely insist that from now on parliament's agenda should coincide with the agenda of society, with the burning issues of the day, she said.

According to leader of the nonparliamentary Liberals Party Petko Simeonov, yesterday's sitting of parliament "sounded the alarm." [passage omitted]

BSP Releases Declaration on 'Temporary' Walkout

AU0807185992 Sofia Khristo Botev Radio Network in Bulgarian 1730 GMT 8 Jul 92

[Text] Prof. Vladimir Topencharov released the declaration adopted at today's meeting of Bulgarian Socialist Party members of parliament.

The declaration reads as follows: The deputies of the Parliamentary Union for Social Democracy are temporarily suspending their participation in the work of the National Assembly as an expression of protest against the abuse of parliament as an instrument of political repression.

The representatives of the Parliamentary Union for Social Democracy are withdrawing from the permanent parliamentary commissions.

The Parliamentary Union for Socialist Democracy submits a request to relieve the present chairman of the 36th National Assembly from his duties ahead of schedule.

Reasons For Protest Explained

AU0807203292 Sofia BTA in English 1827 GMT 8 Jul 92

[Text] Sofia, July 8 (BTA)—After a nearly one-day long meeting the Parliamentary Group and the Supreme Leadership of the Bulgarian Socialist Party (BSP) today issued an official declaration reflecting the BSP's stand. Yesterday its parliamentary faction walked out of parliament to protest against the stripping of ex-premier Andrey Lukanov of M.P. [member of parliament] immunity.

In the declaration the BSP calls on society to show civil responsibility.

The BSP confirms its stand that the M.P.'s of the Socialist-led coalition will suspend their participation in parliament's work, in protest against using parliament as an instrument of political repressions and against using it for the purposes of a restoration policy,.

The BSP withdraws its representatives from the leaderships of the parliamentary committees. They will leave these committees which became useless after yesterday's vote, the declaration says.

The BSP officially insists that parliament relieve its chairman before the end of his term in office, motivating its demand with his "obvious inability and unwillingness to lead the National Assembly impartially."

In the next days the M.P.'s of the Socialist-led coalition will directly address their constituents to find out their views on parliament's work and the opposition's role in it.

The declaration says that parliament's priorities should be changed. The BSP states that the parliamentary opposition will act as a constructive corrective of the power structures only when "the nation's real problems are under discussion." The BSP sees the crisis in the executive branch as Bulgaria's most pressing problem.

The Socialists believe that the Union of Democratic Forces and the Movement for Rights and Freedoms have plunged the Bulgarian Parliament into a crisis.

President Zhelyu Zhelev was asked about his views on the latest developments in parliament and the possibility of a parliamentary crisis before his departure to the Helsinki-Two meeting today. He stressed that a working parliament is needed to pass two more packages of legislation after the economic acts—the social and the so-called organizational acts on defense, the special services, etc. "The best thing would be to avoid a parliamentary crisis," President Zhelev said.

Zhelev Attendance at Helsinki Meeting Previewed

AU0707190592 Sofia BTA in English 1814 GMT 7 Jul 92

[Text] Sofia, July 7 (BTA)—President of the Republic Dr. Zhelyu Zhelev will leave for Helsinki tomorrow. He will be accompanied by Foreign Minister Stoyan Ganev and other officials. They will attend the CSCE summit on July 9 and 10.

The great importance which Bulgaria attaches to this meeting stems from the fact that for the time being the CSCE is the only forum on the politico-military aspects of security and disarmament of which Bulgaria is a full member. In this sense, activity in the CSCE is part of the country's national security guarantees, said the spokeswoman for the Ministry of Foreign Affairs Ms. Veneta Momcheva.

Bulgaria took part in the finalization of common understanding in all areas of preparation for Helsinki-2. This country supported a number of proposals on the peaceful settlement of disputes. A Bulgarian working paper helped draft a mandate of a future CSCE forum on cooperation in security.

Bulgaria's position on the CSCE's new functions, on the laying down of mechanisms for conflicts prevention and crises settlement, on the establishment of a forum for disarmament negotiations and political consultations will be motivated in Dr. Zhelev's statement at the summit.

During the Helsinki-2 summit the president and the minister of foreign affairs will hold a number of bilateral meetings, Ms. Momcheva said.

Importance of Meeting Highlighted

AU0807205092 Sofia BTA in English 1450 GMT 8 Jul 92

[Text] Sofia, July 8 (BTA)—President Zhelyu Zhelev of Bulgaria today left for Helsinki, where he will take part in The Helsinki-Two forum.

"This meeting is of really great significance," Dr. Zhelev told journalists at Sofia Airport. "Helsinki one fixed the borders of the European states after World War II. This was extremely important. Meanwhile, after the collapse of the communist system Europe saw the emergence of situations where old formulas for resolving conflicts proved of no use. Establishing borders, Helsinki one actually devised the aggressor—victim-of-aggression formula and provided for sanctions of the entire European community against the aggressor. The collapse of the communist system, however, led to unexpected armed conflicts within the same state: Interethnic, religious and political. Here you cannot distinguish between an aggressor and a victim. This is a form of civil war. Helsinki two aims to find a formula to solve these new, unprecedented conflicts. There are a number of them—

in Yugoslavia, the Dniester region, Southern Ossetia, Nagorno-Karabakh," Dr. Zhelev said.

Presidental Adviser Views Foreign Debt Proposal

AU0907140792 Sofia BTA in English 1320 GMT 9 Jul 92

[Text] Sofia, July 9 (BTA)—At the earth summit in Rio de Janeiro in mid-July Bulgarian President Zhelyu Zhelev made a speech expressing Bulgaria's desire to assume certain environment-protection commitments against partial forgiveness of its foreign debt.

Bulgaria has an enormous foreign debt amounting to some 12,000 million U.S. dollars which it has not practically been servicing since the imposition of the moratorium by the socialist government in March 1990. "There is a way out even in the case of Bulgaria, which owes 12,000 million dollars—most of it to private financial institutions. The indebtedness to private banks is not any special obstacle. There is just one more procedural step to overcome," Mr. Simeon Bozhinov, advisor to the president on environmental issues, told BTA.

So far Bulgaria has not presented the idea to the London or Paris Clubs. "The principle is gaining ground. There are no specific criteria for its application, it is subject to negotiations. The idea should be launched by the government which would undertake certain commitments for the protection of environment in return for being granted debt forgiveness," Mr. Bozhinov said.

Asked if Bulgaria was ready with such environmental projects, Mr. Bozhinov answered that the first step would be the adoption of Bulgaria's proposal in principle. "We cannot make such projects without receiving our creditors' approval. When the idea is accepted on summit level, we would be ready to work out the specific projects. It is up to the government to select the project and decide whether it deserves attention," Mr. Bozhinov explained.

According to Mr. Simeon Bozhinov, Bulgaria can come out with a project on the final settlement of the problem with the nuclear power plant at Kozloduy. (The interview with the president's advisor on environment is published unabridged in BTA's weekly BULGARIAN ECONOMIC OUTLOOK, No. 25.)

In a recent statement for the Plovdiv MARITSA newspaper, Finance Minister Ivan Kostov also commented on this idea. "Other countries have negotiated the undertaking of environmental commitments against debt forgiveness, but in their case the question was not about more than 10,000 million dollars," he said. According to him, the European countries are very hard to please when the ecological situation in Bulgaria is concerned and the closure of the first two reactors at the Kozloduy Nuclear Plant comes to prove this thesis. Referring to Mr. Kostov, MARITSA wrote on June 16 that if the nuclear plant's two generating units remained closed for a long time, the annual amount of electricity losses would come up to 150-200 million dollars.

Romanian Navy Delegation Ends Visit in Varna

AU0907074292 Sofia BTA in English 2039 GMT 8 Jul 92

[Text] Varna, July 8 (BTA)—The several-day visit here of a delegation of the Romanian Navy led by Commander Vice Admiral George Anghelescu resulted in specific proposals for good-neighbourly bilateral cooperation.

The sides issued a communique enumerating the agreements concluded. As of next year Bulgaria and Romania will hold joint drills. They will cooperate in providing help to boats, planes and submarines damaged in operational zones, organize exchange of visits between the naval schools in Constanta and Varna, share experience in training technicians at secondary schools and conscripts and improve intercommunication between the two Navies.

The signing of a cooperation protocol between the two Navies is expected.

Talks on averting environmental dangers and improving the safety of navigation in the operational zones of the two Navies will continue.

Bulgarian Navy Commander Rear Admiral Ventseslav Velkov was invited to attend the Navy festival in Constanta on August 15.

Eskenazi Says Podkrepa 'Pressured' National Bank

AU0907144292 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 9 Jul 92

[Text] In an interview this morning with the "Before Everyone" program, Deputy Prime Minister Ilko Eskenazi rejected media hypotheses that government circles are behind the sudden resignation of the Bulgarian National Bank governor.

Eskenazi blamed certain people in Podkrepa and a certain Bulgarian bank, which, according to him, put pressure on the Bulgarian National Bank long ago, even before the adoption of the Banking Act. One of the goals, he said, was to prevent an audit of the bank in question. Eskenazi condemned any application of pressure on the national financial institution, including any from the government.

Eskenazi also dismissed the personal attacks against him in the press. He described as more important, however, the negative impact of this scandal within the framework of the recent very successful dialogues between Bulgaria and the international financial institutions.

Constitutional Court Rules on Assimilations

AU0907080692 Sofia BTA in English 2021 GMT 8 Jul 92

[Text] Sofia, July 8 (BTA)—The Constitutional Court today ruled on a submission of Prosecutor General Ivan Tatarchev to interpret Article 5 of the Constitution in connection with three questions on problems which arose in the investigation of the communist regime's camps and of the forcible assimilation campaign against Bulgarian ethnic Turks carried out by Todor Zhivkov's regime, Bulgarian radio announced.

On the first question the Constitutional Court ruled that unpublished international treaties which were ratified and went into effect are not part of the domestic law unless they passed before the effective Constitution.

On the second question the Constitutional Court ruled that crimes should be previously defined to be so by the law at the moment of their commission. Therefore, no one can be convicted of a crime which was not declared to be a crime at the moment of perpetration.

In his third question the prosecutor general asked whether legislation can be retroactive on acts criminalized under international and domestic standards, including crimes with no statutes of limitation. The Constitutional Court answered that the question is beyond its competence.

A constitutional case relating to the statutory ordinance on trial by the People's Court, established after the 1944 communist takeover, was left without consideration. It was instituted under a submission of members of the Supreme Court. The Constitutional Court refused to consider the submission because it can only be approached by the Supreme Court as a whole and not by individual justices. Besides, the Constitutional Court believes it is not within its powers to rule whether the statutory ordinance on trial by the People's Court is consistent with the effective Constitution. The ordinance is a provisional statutory instrument and is no longer effective. According to the Constitutional Court, it is within the judiciary's competence to rule by supervisory review on a case-by-case basis on the legality of specific sentences delivered under the statutory ordinance.

New National Security Chief Appointment Discussed

AU0907074192 Sofia KONTINENT in Bulgarian 1 Jul 92 p 1

[By Georgi Stoyanov]

[Text] Chavdar Petkov was released from the post of National Security Service director by a presidential decree. The appointment of Orlin Antonov, present director of the Regional Internal Affairs Directorate in Pazardzhik, has been approved, as BTA reported. The new counter-intelligence chief has worked at the Ministry of Internal Affairs since October 1989. He was nominated at the proposal of the Council of Ministers and appointed on the basis of a decree signed by President Zhelyu Zhelev.

The Parliamentary Commission on National Security held an extraordinary session earlier today. In connection with an article published by the daily DUMA on Balkan countries' espionage against Bulgaria, National Security Service Director Chavdar Petkov and Petko Angelov, secretary of the Ministry of Internal Affairs, were heard. According to Nikolay Slatinski, chairman of the parliamentary commission, the deputies and experts shared the opinion that similar leakages of information undermine the prestige of the special services and exert a destabilizing effect. The case is further being investigated and the circle of suspected "informers" has been extended to 15-17 individuals. Nikolay Slatinski thinks that no comment should be made before the final results of the investigation have been published.

Wage Increases for Military Personnel Announced

AU0807195792 Sofia BULGARSKA ARMIYA in Bulgarian 30 Jun 92 p 1

[Staff report by BULGARSKA ARMIYA: "Military Personnel and Servicemen's Wages Are Increasing"]

[Text] Minister Staliyski submitted his view on the need to increase the military personnel's wages on the same day on which debates opened at the Council of Ministers about the concept of the Bulgarian Army reform. The wage increase was definitely decided upon the following day. The Ministry of Defense and the Ministry of Internal Affairs drafted a joint report, which they submitted to the Council of Ministers on Wednesday, 24 June. On Thursday, 25 June, a ministerial instruction No. 226 was adopted to increase the wages of Bulgarian officers according to their ranks. In conformity with the instruction, officers' wages on the basis of longevity and rank are rising from 20 to 27.8 percent, depending on whether one is a lieutenant or a general.

A memorandum was also signed on a 50-percent wage increase for part of the Bulgarian Air Force staff. This serves the purpose of establishing a relative balance between civil aviation pilots and military airmen. A 30-percent wage increase is expected for Navy personnel.

The wages of soldiers who have signed up for a certain period of Army service is expected to increase by 15 leva. The lowest soldiers' wages will be 40 leva per month.

Additional allowances for military personnel who have a university degree will be increased by 347 leva, while allowances for soldiers with a specialized secondary school education are expected to increase by 310 leva. The wages of military personnel employed in the auxiliary-administrative staff with secondary and specialized

secondary education will be increased by 220 leva, while the rest of the military personnel can expect a 200-leva wage increase.

The Ministry of Defense budget has allocated a total of 200 million leva for wage increases in the Army.

Trade Unions Blame Government for Social Unrest

AU0807202492 Sofia BTA in English 1724 GMT 8 Jul 92

[Report by Tanya Tsekova]

[Text] Sofia, July 8 (BTA)—The cabinet, trade unions and employers could not agree on the average wage growth in state-financed enterprises at today's meeting of the National Council for Social Partnership. The discussion was put off for next week after it became known that health care workers are not satisfied with the 26 per cent wage rise agreed upon at the previous meeting.

At the beginning of today's meeting the council heard a statement of the Podkrepa Labor Confederation made by its President Konstantin Trenchev. Bulgaria is on the verge of a social explosion, he said. All social structures are tottering, strikes are surging in education, health care, transport, discontent is rising in the Army and the police, even the church split up, but the government has no programme and the prospects before the country are unknown. The trade union cannot tone down social discontent because it believes its members' demands are just. Moreover, there is no agreement for social peace to lean on because the cabinet headed by Prime Minister Filip Dimitrov broke off social dialogue for eight months.

"The trade unions have not committed themselves to keep the social peace and the government should realize that a country cannot be run by administrative measures and coercion," Konstantin Trenchev said before he met with Prime Minister Dimitrov to present the Podkrepa Trade Union's views.

The representatives of the Confederation of Independent Trade Unions in Bulgaria (KNSB) and of the employers joined the statement. According to KNSB Deputy Chairman Svetoslav Stavrev, the situation has peaked into a crisis due to the delay in social dialogue.

At a news conference this morning the KNSB leadership insistently raised the question of the updating of the medical workers' wages. Last week physicians around the country launched protest actions. In many places the members of the Podkrepa Confederation and of the KNSB, the two most influential trade unions, took joint actions. Unless the cabinet guarantees the health care budget for 1992, in early September health care establishments will have to be closed for lack of funds.

According to the KNSB, 1,087 trade union branches with 147,000 members in all sectors are ready for strike action. Tensions are highest in ore- and coal-mining and transport.

The average wage growth will be discussed next week after the Ministry of Finance estimates the needed funds and the budget resources.

U.S. Matrix Company Offers Aid in Arms Industry

AU0907080492 Sofia BTA in English 2044 GMT 8 Jul 92

[Text] Sofia, July 8 (BTA)—Prospects for cooperation between the Bulgarian military-industrial complex and the Matrix Company of the United States and opportunities for the modernization and conversion of the military industry were high on the agenda of the talks held recently in the United States between Bulgarian businessmen and politicians and representatives of the American company. At a news conference today Asen Michkovski, chairman of the Economic Commission, Iliya Pavlov, president of the Multigroup Company, and Mladen Mutafchiyski, president of Terraton, spoke about their ten-day visit to the United States at the invitation of the Matrix Company.

Asen Michkovski said he met with willingness for cooperation, which is understandable, bearing in mind the high quality of Bulgarian special-purpose products. Matrix has decided to open subsidiaries in this country. This will help conversion as well as the adjustment of the Bulgarian military industry to NATO standards, Michkovski said. He predicted that the results of the visit will be felt in a few months. Bulgaria stands to gain from the fact that it was included in Matrix's plans for setting up a specialized company for eastern Europe, it was said at the news conference. After Matrix, which is a leading American company, McDonnell Douglas and ITT are also expected to show interest in Bulgaria.

Moravcik: 1 Jan 1993 'Likely' Date for Split

LD0807172292 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 8 Jul 92

[Text] If the division of Czechoslovakia is to go ahead, then the likely date is 1 January 1993, Foreign Minister Jozef Moravcik has said. The new foreign minister noted at a news conference in Prague today that a decision whether and in what form the federation would exist should be made by 30 September. That is why the ministry will have to actively prepare the international community before this date for the possibility that Czechoslovakia could turn into two subjects of international law, he said. Jozef Moravcik stated in this connection that he would launch talks with the EC so that, under certain circumstances, both new states could become EC members.

Havel To Reassure CSCE on Possible Changes

LD0807185792 Prague Federal 1 Television Network in Czech 1730 GMT 8 Jul 92

[Interview with Czechoslovak President Vaclav Havel by unidentified correspondent at Prague Airport on 8 July prior to his departure for the CSCE conference in Helsinki—recorded]

[Text] [Correspondent] Mr. President, you will hold a number of bilateral talks during the summit session. It is quite probable that the main question your partners will ask will be the one about the future of Czechoslovakia, and the future of a common state of Czechs and Slovaks. What will you tell them in reply?

[Havel] Yes, I am to meet many representatives, above all of the superpowers and our neighboring states, and naturally I assume that besides the general questions on Europe and the European process, they will be interested in the situation in our country. I will attempt to explain it to them in a businesslike manner, as I see it, what it is really like. I will not pretend anything—I will not paint any rosy pictures, so to speak.

At the same time, I see it as my duty to stress that all our political forces agree that the issue of our state structure should be resolved by agreement, in a calm and correct manner. I consider it my duty to assure representatives of other countries, neighboring countries, that Czechoslovakia certainly will not be, and there is no danger that it could be, a new destabilizing center, and that there is no threat of civil conflict. Czechs and Slovaks have never been enemies, and if we should divide—it will not be simple, naturally, but I firmly believe that it will happen without any kind of clashes or conflicts and I naturally want to stress this fact.

I have to stress the fact, which I can do with a clear conscience: Whatever happens, the basic trust in Czechoslovakia, or possibly in the Czech Republic and the Slovak Republic, should not be put in doubt in any way. We want to observe all our agreements. The democratic development is irreversible, the development toward the market economy is irreversible. All this emerges from the government policy statement, from its principles as they have been outlined so far. And the question marks which are hanging above the future of our statehood should not be a reason for any kind of cooling down of relations toward Czechoslovakia, toward blocking all contacts, toward any kind of wait-and-see attitude. All the basic links with the outside world which we have established are functioning, and they will continue to function regardless of whether we are Czechoslovakia or the Czech Republic and the Slovak Republic.

Prime Minister on Continuity of Foreign Policy

LD0807171392 Prague Stanice Ceskoslovensko Radio Network in Czech 1600 GMT 8 Jul 92

[Report by Eva Hulkova on news conference held by Foreign Minister Jozef Moravcik on 8 July in Prague]

[Text] Foreign Minister Moravcik said he would continue all diplomatic activities and placed special emphasis on the efforts he is going to launch in order to ensure the EC respects Czechoslovakia's interests.

As far as the CSCE is concerned, it can play a stabilization role in averting and solving local conflicts, Jozef Moravcik said. In this connection he noted his intention is to use CSCE mechanisms so a possible division of our state would not generate destabilization in Central Europe. The Visegrad Troika, as an institutional intermediate stage, could also play an important role in the stabilization of this region.

As far as the attitude to the Russian Federation is concerned, given the possibility of the separation of Czechoslovakia, the issue of ratification of the treaty is emerging once again. But Moravcik added that there is no reason why this matter could not have a positive conclusion.

Speaking about the Hungarian issue, he said these problems should be dealt with on a multilateral level, and he added that elevating the thesis about the protection of minorities by the mother republic would not be suitable for Europe. He expressed a willingness to discuss the Hungarian issue at any international forum, or possibly to form a mission that would assess these problems.

Speaking about appointments to diplomatic posts, the new foreign minister said the key is the principle of parity, but that the possible division of the state must be taken into consideration even in this respect. At the same time, one factor is the division, while the other factor is the constructive nature of this destruction. Foreign Minister Moravcik understands this process as forming relations on the international level that would ensure a problem-free acceptance of the two republics by the world.

Bush Sends Letter of 'Admiration' to Havel

AU0707130592 Prague CSTK in English 2029 GMT 3 Jul 92

[Text] Prague—U.S. President George Bush has sent a letter to Czechoslovak President Vaclav Havel, in which Bush expressed admiration for what he described as Havel's carefully considered efforts in resolving Czechoslovakia's future.

Bush wrote that the United States is being careful not to interfere in matters in which it should not, but that it cannot be indifferent over the fate of democracy, free markets, human rights, the rights of minorities, and cooperation in regional and international issues. Regardless of the decision made over Czechoslovakia's future, the United States will continue to stand with all those who support these values, Bush wrote.

The contents of the letter were conveyed to CSTK by the Czechoslovak president's office.

Efforts for EC Associate Membership To Continue

LD0707193792 Prague Stanice Ceskoslovensko Radio Network in Slovak 1500 GMT 7 Jul 92

[Text] The Czech Republic is interested in continuing the process of ratification of the treaty on Czechoslovakia's associate membership in the European Community, Josef Zieleniec, minister for international relations of the Czech Republic, said today at a meeting with David Anthony Brighty, British ambassador to Czechoslovakia. The British ambassador promised that Great Britain, which has been chairing European Community since the beginning of this month, will do everything possible to enable the countries of the Visegrad Triangle—Czechoslovakia, Poland, and Hungary—to obtain full membership of the Community as soon as possible.

No Change in Government Stance on Danube Dam

LD0807213092 Prague CSTK in English 1922 GMT 8 Jul 92

[Text] Prague July 8 (CSTK)—Czechoslovakia's new government will probably not take a different position from that of its predecessor on the construction of the Gabcikovo-Nagymaros twin-dam project, Ludek Krajhanzl of the Federal Foreign Ministry told CSTK today.

Krajhanzl was reacting to an official note from the Hungarian Foreign Ministry delivered today to the Czechoslovak Embassy in Budapest protesting Czechoslovakia's continuing work on the Danube River hydroelectric plant.

He said Czechoslovakia's actions were in conformity with the agreement signed by the two countries in 1977.

"Czechoslovakia is of the opinion that the Hungarian Government's (May 25 unilateral abrogation of the agreement) has no relevant legal consequences", Krajhanzl stated.

The Hungarian Foreign Ministry's note cited the "unlawful and environmentally harmful character" of the construction on the Czechoslovak side, demanding it be stopped immediately.

It also noted Hungary's willingness to "jointly deal with the consequences of the 1977 agreement's termination".

Kovac, Strasky React to Havel Reelection Failure

AU0707124792 Prague CSTK in English 2029 GMT 3 Jul 92

[Text] Prague—Federal Assembly Chairman Michal Kovac (HZDS—Movement For a Democratic Slovakia) said today he does not believe that Vaclav Havel's failure to be reelected has brought nearer the breakup of Czechoslovakia. In an interview with CSTK, Kovac said Havel plays a unifying role in the Czech lands, but not in Slovakia.

New Federal Premier Jan Strasky said Havel's defeat is a tragedy. "By tragedy I don't mean the fact itself that he was not elected, but the fact that a desperately small number of deputies in the Slovak part of the House of Nations voted for him", he said.

[Bratislava SLOVENSKY DENNIK in Slovak on 4 July on page 2, under the headline "Vaclav Havel's Non-Election Is a Tragedy," carries a 250-word CSTK report on the same subject. This report quotes Jan Strasky as saying that "for a certain part of the left wing, Vaclav Havel's integrating significance is not a good enough reason for electing him. This is probably because he symbolizes a break with our communist past, and this is resented by the left-wing parties."]

Civic Democratic Party Backs Havel for President

LD0807173292 Prague Stanice Ceskoslovensko Radio Network in Czech 1000 GMT 8 Jul 92

[Report by correspondent Alexander Picha on 8 July news conference by the Civic Democratic Party]

[Excerpts] The representatives of the Civic Democratic Party [ODS] again confirmed that they are not considering any candidate for the office of president of the CSFR except Vaclav Havel. There is no other candidate, deputy party chairman Miroslav Macek said.

Macek conceded, however, that there have been thoughts about Havel's candidacy for the office of president of the Czech Republic. Technically there are several options for this, Macek said. He did not rule out that the office of Czech President could well be set up even prior to the adoption of the Czech Republic's constitution. All the more reason, he said, in view of the announcement by Vladimir Meciar, chairman of the

Movement for a Democratic Slovakia, that the office of president of Slovakia could be set up before the end of August. [passage omitted]

The ODS said there is no point considering the option of two rotating presidents. They said it is necessary first to decide simply yes or no—a federation, or two sovereign states. Only then will the ODS be prepared to make any plans.

Second Round of Coupon Privatization Begins

LD0807173492 Prague CSTK in English 1324 GMT 8 Jul 92

[Text] Prague July 8 (CSTK)—Investment privatisation funds and individual holders of investment coupons can trade their 5,500 million investment points for 210 million shares offered by 1,443 joint-stock companies in the second round of the first wave of coupon privatisation, which began today.

Jaroslav Lizner, the director of the Coupon Privatisation Centre, told a news conference today that the average rate is 3.25 shares per 100 investment points. Funds and individuals may order shares until July 28 and the second round will close on August 18.

Lizner said coupon holders who failed to exchange their points for shares in the first round must reorder shares.

In the first round, which started May 18 and closed on June 8, 48 joint-stock companies sold all shares available, while demand on shares exceeded supply in 469 companies.

In the first privatisation round 299.4 million 1,000-crown shares, representing the capital of 1,491 joint-stock companies were sold—70 million to investment privatisation funds and 20 million to individual shareholders.

Federal Finance Minister on New Tax Structures

LD0807225592 Bratislava Slovak 1 Television Network in Slovak 1940 GMT 8 Jul 92

[Interview with Federal Minister of Finance Jan Klak by unidentified correspondent; place and date not given—recorded; questions and answers in Czech]

[Excerpt] [Correspondent] Mr. Minister, do you envision that the Federal Ministry of Finance will in the near future, that is by 30 September, transfer some responsibility to the republics and if so, which?

[Klak] For the time being, we do not envision anything like this because in the financial sector, in the financial instruments, things are somewhat different than in the other departments. While we are maintaining the idea of a united market, then there must also be united economic financial instruments. These united instruments are, for example, taxes. If we transfer powers of the main taxes to the republics it is very likely that there would be differentiation of tax conditions and probably also differentiation of tax rates. Then we would have no united market and, probably, no united state.

[Correspondent] From 1 January of next year a new tax system will be valid. At the same time, in the budgetary economy there will be a valid principle of everybody being responsible for themselves. Will you require a customs barrier between the two Republics?

[Klak] What I said a while ago is valid. If we preserve a common or united economic space then a customs barrier is completely superfluous. If, however, it happens that within the framework of (?transformation) processes, within the framework of enforcing some specific conditions the tax rates are differentiated, for example in the added value, then automatically, the goods on the territory of one republic would have a different price level than on the territory of the other republic and that could not be solved without the customs barrier. [passage omitted]

State Bank Official Describes New Monetary Policy

AU0807200592 Prague HOSPODARSKE NOVINY in Czech 1 Jul 92 p 3

[Interview with Jiri Pospisil, director of the Czechoslovak State Bank Monetary Department, by Anna Wurmova; place and date not given: "More Money for the Economy"]

[Text] In its 28 June session, the Czechoslovak State Bank Banking Council discussed an alteration of the monetary policy for second half of this year. We asked Jiri Pospisil, director of the Czechoslovak State Bank Monetary Department, about the reasons for the debate, and how the council reached its decision.

The Banking Council discussed the current economic development and reached an agreement that the situation is in many ways better than originally expected. The economic decline has slowed down substantially, and there is a great likelihood that better results will also be achieved in the gross national product for the whole year. The price development has been very good. True, there might be a certain recovery of inflation because of further liberalization, but it should be a marginal one. Therefore, the Czechoslovak State Bank estimates from the beginning of the year regarding the probable price growth of 12 percent are being confirmed. Similarly, the development of external indices is satisfactory. It seems that there will even be a trade surplus. Developments in the direct investments from abroad are also favorable. The estimate for the current year is $1 billion, but according to Pospisil, the present political situation might still upset this estimate. The budget economy is within reasonable limits. Thus, if we are to sum it all up, Pospisil says, the Banking Council found reasons to confirm the validity of the past measures in the sense that the flow of money into the economy is greater.

[Wurmova] Could you explain?

[Pospisil] The surplus balance of the external relations (we expect $1.5 billion for the whole year, the surplus achieved so far is $800 million) tells us that the amount of money in the economy is growing even without increasing the volume of credits offered. That is a simple fact. Foreign currency comes into the economy in the form of a surplus in the balance of payments, tourism income, or from the sale of our enterprises to foreign firms. This currency is exchanged for korunas and flows into the economy. Therefore, while the size of credits is maintained at a constant level, the supply of money grows much faster. The discussion in the Banking Council dealt with the question of whether such a phenomenon is harmful to the economy.

[Wurmova] What was the conclusion?

[Pospisil] It was determined that it is probably better to allow a faster growth of the money supply but that we must be careful. It seems that the money supply development is becoming a more important factor than the volume of credits provided.

[Wurmova] What does it mean for the monetary policy?

[Pospisil] It means that the alteration of the monetary policy actually boils down to the approval of the fast growth of the money supply that can be accepted in light of the positive economic signs. It was established that the importance of the credit limits subsides, while the money supply control is becoming the decisive factor. It will also be necessary to choose different tools, namely a direct control of the money supply growth, so-called indirect, or market tools.

[Wurmova] What does this mean for the credit limits?

[Pospisil] The implication is clear. The credit limits will be of lesser importance, but because of the uncertainty, it will be necessary to maintain them for some time for the large banks and to find some other forms of control for the other banks, while certain business activities of all banks should be exempt of this control. Currently, there are no limits imposed on credits provided for privatization, purchase of treasury bills, and now we might add rediscount bills to be introduced by the Czechoslovak State Bank in the second half of the year. Therefore, it is a form of a tendency toward the market methods of control. Measures are in the works to enhance the interbank market, i.e. trade in money surplus between the banks.

Federal TV News Setting Up Office in Bratislava

AU0707145592 Prague MLADA FRONTA DNES in Czech 1 Jul 92 p 2

[Interview with Martin Vadas, chief editor of Czechoslovak Television federal news programs, and report on an interview with Peter Virsik, secretary to the chief editor of Slovak Television news programs, by Robert Sobota on 30 June; place not given: "The Lightning-Quick Evolution of 'Slovak Television News'"]

[Text] The decision by Slovak Television [STV] management to broadcast its own news program came unexpectedly even to STV's own editors, who were given 10 days to prepare for the new situation. "Slovak Television wanted to make its own program for which it would be fully responsible," maintains Martin Vadas, chief editor of Czechoslovak Television [CST] federal news programs. "Until now STV editors, although they never bore any responsibility for the production of regular news programs on channel F1, have been under certain pressure from the Slovak political scene. The Slovak Television Editorial Board decided to make a new news program for which it would be 100-percent responsible. Now, of course, we have to provide news coverage from the whole republic ourselves. So, we are setting up our own editorial office in Bratislava. We have been sending our own teams down there for several weeks, because the local editors did not want to ask certain questions. It is better to have expensive information than cheap, but inadequate, information."

[Sobota] How will you obtain pictorial reports from Slovakia?

[Vadas] On the one hand, we will take them from Slovak Television's news program and, on the other, we will obtain them through our own efforts. It is technically quite challenging to take clips, because Slovak Television broadcasts its news program at 1900 and we have only 10 minutes between programs to get ready. At the moment, however, we have no other choice.

[Sobota] You had to react to the new situation almost immediately....

[Vadas] When someone stops cooperating with us, we are accustomed to being informed about it at a decent interval beforehand. This did not happen. However, I think it is good if people are responsible for the project they are working on.

[Sobota] What will happen next, for example, with the foreign correspondents?

[Vadas] They are Czechoslovak Television employees. They contribute to various entities, including radio. It depends on how much work they have. They should work for federal television first.

As Peter Virsik, secretary to the chief editor of STV news programs, told us yesterday, "the issue involves a decision made by Slovak Television management, and not an attempt to create some kind of information barrier. Our program begins at 1900 and our Czech colleagues have enough time to take reports for the 'Czechoslovak Television Journal' program. I would not take it so tragically." He added that Slovak Television has often been dissatisfied with the way the editors in Prague have selected the clips offered to them. "We are using CST reporters for foreign news coverage; shortly, we will

being to take the CNN service." According to Peter Virsik, the F1 news coverage editorial office did not have to be established as an independent entity at all.

Czech Prime Minister Views Disintegration Process

AU0807102092 Prague MLADA FRONTA DNES in Czech 3 Jul 92 p 7

[Interview with Czech Prime Minister Vaclav Klaus by Jiri Leschtina and Petr Novacek; place and date not given: "It Is Dangerous To Push a Cart Down the Hill"]

[Text] [MLADA FRONTA DNES] Could you tell us at which moment of the dramatic talks with the Movement for a Democratic Slovakia [HZDS] you decided to transfer from the federal scene to the Czech political scene and to seek the seat of Czech prime minister?

[Klaus] This decision had been forming in my mind gradually and definitely became ripe during the third round of talks with the HZDS in Prague. At that time I realized that the Slovak partners' endeavor to seek independence for Slovakia was final and irreversible. At that time I also realized that the aspiration for Slovakia's international emancipation was not pre-election rhetoric but the common and most profound feeling of all HZDS representatives with whom we were negotiating. I stress that this feeling is shared by all of them and that it is not the opinion of some faction.

[MLADA FRONTA DNES] What is your impression of Vladimir Meciar after the four rounds of talks?

[Klaus] It is certainly different from that of the Czech and other mass media, which have a tendency to greatly simplify the person of Vladimir Meciar, to portray him in black-and-white terms, but also to treat him as a demon. This is wrong. Vladimir Meciar is a gifted politician who is trying, as any other politician, to achieve the maximum advantage and effect. In this sense, I do not find his conduct in any way unpredictable. It has its iron logic, and I do not see any radical changes that are being spoken of, and written about, so often.

[MLADA FRONTA DNES] We have noticed that when Vladimir Meciar speaks about you he does so with somewhat greater sympathy than when he speaks about other Civic Democratic Party [ODS] representatives. To what would you attribute this? Has some rapport developed between you and Meciar?

[Klaus] I would not look for any hidden meaning here. First of all, it could be part of his tactics. Second, I am older than some of my ODS colleagues, so I sometimes speak less forcefully than they do. I, too, see differences between Mr. Meciar and the rest of the Slovak delegation.

[MLADA FRONTA DNES] Since the talks with the HZDS, the opposition, but also parts of the foreign press, have been describing you as the Czech politician who has actually written off the federation. Is this really the case, or do you still give the federation a chance?

[Klaus] You would probably like to hear a straightforward reply. Nevertheless, I shall leave myself some room. I do give the federation a chance, but I must admit that I see this chance as very small. This is not so much because of the course and the outcome of the talks with the HZDS or because of the result of the referendum in one republic or the other, should one be held. In my view, the disintegration of the federation has been under way for two and a half years. Over recent days this process has only immensely accelerated.

[MLADA FRONTA DNES] What do you see as the symptoms of this disintegration?

[Klaus] The governments are not working yet, the parliaments are not properly working either and, therefore, one cannot pinpoint any specific law or government decision as a symptom of the federation's disintegration. Nonetheless, the disintegration is irresistibly under way, which is most palpable in the field of the economy. For me, a clear symptom is, for example, the resignation of the vice governor of the Czechoslovak State Bank [Anton Vavro] or the practically dried up liquidity of the [Slovak] Vseobecna Uverova Banka [General Credit Bank]. Another clear symptom is the Slovak Government's proclaimed intention to decree [dekretovat] credits to the banks, which are then allocated here or there. I wish that you could hear the hours of discussions in which the Slovak delegation was explaining to us that there must be different taxes in Slovakia, a different rate of interest, and even different exchange rates. The already unhomogeneous economies of Bohemia and Slovakia are moving apart without restraint. I cannot imagine a political will capable of reversing this process. It is like pushing a cart down a steep hill. For a while you can influence its speed, but once it gathers momentum you can scarcely hold on to it, let alone steer it or slow it down.

[MLADA FRONTA DNES] But what if one of the passengers made a serious attempt to bring the cart to a halt? What if Prime Minister Meciar, who now speaks about belt-tightening and necessary cuts in the budget, suddenly, in the face of necessity, started implementing a restrictive fiscal policy and, along with that, a Klaus-style economic policy? As a matter of fact, it would be easier for him to push through this policy in the present Slovak National Council, in which he commands what is almost an absolute majority, than it was for you in the last Federal Assembly. Would you then be willing to hold the federation together in some way?

[Klaus] There are too many ifs here. Of course, I am not disinclined to this option. After all, public opinion surveys, too, do not bear out clear support for the division of the state. I am afraid that the processes of partition I have just referred to are getting even out of Mr. Meciar's control, despite his truly privileged position in the HZDS and on the present Slovak political scene.

[MLADA FRONTA DNES] What was it, in your opinion, that set these processes of partition in motion?

[Klaus] I see three basic factors here. For me as a federal politician, the initial step in this direction was the meeting of Czech and Slovak Governments at Lnare in April 1990. That was the beginning of the end, the start of all the problems that are coming to a head today. At that time the Czech and Slovak Governments met for the first time behind the back of the Federal Government to deal with common problems that are also the federation's business. I remember how startled we in the Federal Government where when we found out about the meeting the next day from the press. Trencianske Teplice [the site of a meeting on the division of powers between the federation and the republics in summer 1990] was the second important milestone. The then still dominant Federal Government, which carried the entire burden of social and economic transformation, terribly underestimated that meeting. The Federal Government's representatives actually played the role of extras there, making it possible for the Czech and Slovak cabinets to seize the initiative. I must admit that Vladimir Dlouhy and I gave preference to something else over Trencianske Teplice during that hot weekend in July—we were writing the blueprint of the economic reform.

[MLADA FRONTA DNES] And the third factor?

[Klaus] The failure of the Public Against Violence movement [VPN], the winner of the 1990 elections [in Slovakia]. The VPN and its successor, the Civic Democratic Union, did not succeed in producing personalities that would be capable of appealing to the Slovak citizen and shifting the Slovak scene in a certain direction. In this way the VPN vacated room for someone completely different. Surely, it is subject to debate whether there was fertile soil in Slovakia for anything of this kind. Yet the failure of the VPN representatives was total. If the federation falls apart, it will be primarily due to the VPN's failure in the last elections.

[MLADA FRONTA DNES] Let us return to the present. Vladimir Meciar claims that you are pushing him into a corner by saying—either a federation, or two independent states. Do you really see no possibility of conceding to Slovakia some form of status of a subject under international law within the framework of what would still be a common state?

[Klaus] The status of subject under international law as the HZDS representatives conceive it is, in my opinion, tantamount to an independent state. If the Slovak side speaks about its own embassies in the world, about other states' embassies in Bratislava, and about a seat in the UN, then it really is thinking of Slovakia as a completely sovereign state. I fully respect this idea of theirs. If Mr. Huska, who is deputy chairman of the Slovak National Council, tells me at the coalition talks that no viable nation must renounce the right to and the quest for its own state sovereignty, then I respect and accept this position, despite the fact that I would define a viable nation differently.

[MLADA FRONTA DNES] However, recently the Slovak representatives repeatedly indicated that this quest for a sovereign state could be extended over a long period of time, that many things would not have to go into force immediately. In other words, this is not the time of the breaking of the bread.

[Klaus] Look, in my opinion to adopt a purely Slovak constitution but to postpone its validity is no fun game for 15 million people.

[MLADA FRONTA DNES] However, such games involving the state's constitutional arrangement could be prevented by a timely referendum. Is the criticism of the ODS, which is coming mainly from Slovakia, correct that it wants to avoid a referendum and divide the state without hearing citizens' views?

[Klaus] The ODS and I definitely do not reject a referendum. But I must add something to it. First, many voters are writing to me that they no longer require a referendum because they quite consciously and responsibly gave their vote to someone in the elections and expect this someone to represent them henceforth. Second—and this, I think, is the main thing—a referendum would be justified only if we managed to maintain the status quo; that is, as long as a federation of some sort exists. Should, however, the common state continue to be divided and watered down by everyday unilateral steps, to the point where only the empty shell of it is left, the question arises when to hold such a referendum and what, in fact, to ask the citizens for this referendum to still make sense. The third and final point is that I am very afraid that a referendum with a single question and a single simple reply will not help us much. Regardless of whether it will result in a pro-common state vote or not, after the referendum we will stand exactly where we stood one hour before it. The referendum will not tell us anything about how to keep this state together or how to proceed in its partition. It will simply not provide an answer to these fundamental questions.

[MLADA FRONTA DNES] Let us concede that there exist also other ways of dividing the state than a referendum. Are you ready to risk being accused, if not by your voters then surely by supporters of the Left Bloc, the Czechoslovak Social Democracy, or the Liberal Social Union, of being the man who broke up the state?

[Klaus] We have grown accustomed to our left-wing opposition always saying the opposite of the truth. I do not expect anything else from Mr. Zeman and people like him. The accusations that they raise against us every day are so absurd that we are now steeled against them. But let me repeat: I am not opposed to a referendum. On the other hand, let us not forget that a referendum is an instrument of the so-called direct democracy. We, on the other hand, live in the world of representative democracy, in the world of truly equitable parliamentary elections. In contrast to other countries, Czechoslovakia has its legitimately elected bodies. We are not a country that is at war or that is undergoing an internal revolution. We are not Georgia, Kazakshstan, or Serbia.

[MLADA FRONTA DNES] Yet even the part of the public that does not harbor left-wing views could be taken aback by the short-term economic repercussions of the partition, to which you yourself have repeatedly drawn attention. What would they mean for the Czech Republic?

[Klaus] Any divorce, now matter how velvet, would enormously disrupt existing economic ties between the Czech Republic and the Slovak Republic. The economy is fragile, everything in it is connected with everything else. Any crack in the fragile economic ties, therefore, usually triggers an avalanche of problems. We experienced this during the collapse of CEMA and during the loss of the former Soviet market. This would be a similar process, but one involving the closer Slovak economy. Sometimes we find it ridiculous that when one politician catches a cold the exchange rate of a currency changes. However, the economy is indeed a mutually interlinked mechanism and any disruption of the smooth flow of economic goods leads to losses. That is how it works.

[MLADA FRONTA DNES] Would, after the CSFR's partition, economic transformation in the Czech Republic not find itself back at the very beginning? You might have to travel from town to town again and explain what happened, why, and how to get out of it....

[Klaus] I think that it would have a different dimension. This shock would not be so severe for the public as that following the start of price liberalization on 1 January 1991. Of course, this would definitely not be a shock administered by me, one that I would feel obliged to defend with all due vehemence. Rather, it would be a shock, toward which I would adopt a "well, here we are..." approach.

[MLADA FRONTA DNES] While speaking about our exceptional situation, it will be primarily up to the prime minister of the Czech Government to appeal to the opposition and to draw it to some form of cooperation in creating a stronger Czech entity. Do you think that anything like that is realistic?

[Klaus] The public cannot reproach me for not having made such an attempt, right in the first hours and days after the elections. I was meeting with the so-called group of seven democratic parties, with trade union organizations, with church representatives, simply with anyone. It is also known that over the past two years I have been constantly placing emphasis on the maintenance of elementary social consensus in this country, which I continue to do. I cannot predict what our left-wing and environmentalist parties will opt for, whether the voices of blusterers will prevail in them over the voices of moderate politicians. But whatever happens, I will strive for communication to be maintained and for doors not to be shut.

[MLADA FRONTA DNES] On which questions in particular would you like to communicate with the opposition?

[Klaus] It seems to be of key importance to me that we find a common language with the opposition with regard to economic policy, in particular. As regards security or foreign policy, or defense, I gather that the opposition is on the same boat with us, after all. The problem is whether we will come to an agreement with the opposition on the continuation of economic reform and on the implementation of economic policy in general and, of course, on the issue of constitutional arrangements.

[MLADA FRONTA DNES] Yet the search for a common language with the opposition regarding economic transformation has not been successful so far, as far as the federal level is concerned. Do you think that some fundamental consensus might now be possible on the Czech scene?

[Klaus] I would like to believe it. In the past we had first the Civic Forum and then the Civic Movement, both of them with a bevy of ministers who represented at one and the same time the opposition and the government. Now the political cards were distributed in a normal fashion. We are really somewhere else now. This country is maturing politically, and we will see whether this will make itself felt also in more loyal relations between the government coalition and the opposition.

[MLADA FRONTA DNES] Where, in your opinion, lied the merit and the weakness of the past Czech Government? On what do you intend to build and wherein will you proceed differently?

[Klaus] Initially, the Czech Government was boycotting economic reform. After the departure of Deputy Prime Minister Frantisek Vlasak and his replacement by Jan Strasky, the situation changed in many respects. It is precisely the things that Deputy Prime Minister Strasky was pushing through on which we can build. I will be working in the new Czech Government with ministers Dyba, Kocarnik, Dlouhy, and Zieleniec. This represents a very strong economic group. Some ministers of Pithart's government were not too visible and audible. Often the public did not even know about the existence of such a government member. A repetition of something like that in the new Czech Government is out of the question.

Klaus Discusses Policy Statement, Czech Statehood

LD0807214992 Prague Federal 1 Television Network in Czech 1730 GMT 8 Jul 92

[Report on Czech government session, passages within quotation marks are recorded]

[Excerpt] The Czech Government held its first session in Prague.

[Klaus] "I think we have done a lot of work. I think the policy statement is now acquiring the form in which it will be handed over to the Czech parliament. Between now and tomorrow evening, a team of advisers will incorporate in it all the comments we made, and the government will convene again at 1130 on 10 July in

order to approve the definite text so it can be handed over to the Czech parliament, and at 1300 on Monday, 13 July it will be delivered to the Czech National Council."

[Announcer] We recorded the following from further responses:

[Klaus] "Naturally, we discussed an important matter—the draft of the constitution of the Czech Republic. The government will present it in the near future to the Czech parliament and the citizens of the Czech Republic. The issue of setting up the office of president of the Czech Republic will form part of all these proposals.

"We identify ourselves with the concept of Czech statehood. We do not believe that whereas the Slovak Republic is becoming increasingly assured, the position of the Czech Republic should from inertia remain unclear within the framework of the Czechoslovak Federation, and that it should not be defined clearly. This is why we have to concentrate on the issue of Czech statehood." [passage omitted]

Czech Policy Statement Starting Points Outlined

AU0807203792 Prague CESKY DENIK in Czech 3 Jul 92 p 2

["Excerpt" from the "Starting Points For the Czech Republic Government Policy Statement;" place and date of issue not given]

[Text]

Preamble

The election results in the Czech Republic have unequivocally confirmed the will of the majority of citizens to continue in the development of parliamentary democracy and economic transformation. This is a commitment that the parties involved in the coalition agreement are taking upon themselves and a commitment that forms the basis of their joint program for the entire electoral period. Nothing is more important to the coalition parties than these fundamental values, values in which—in harmony with the will of the voters—they are united and values that form lasting starting points for the Czech Republic Government program. The preparations for an alternative independent Czech state founded on generally recognized values are also one of the consequences of the June elections and of the subsequent negotiations between the election winners in the Czech and Slovak Republics.

The Citizen and the Law-Governed State

The coalition partners concur on the view that to ensure the permanent observation of human rights and society's stability and prosperity it is necessary to strive for a law-based government and for a law-governed state founded on the principles of parliamentary democracy in harmony with the provisions contained in the Document on Fundamental Rights and Freedoms.

The restoration of respect for the law also requires an honest and frank settlement with the legacy of the previous regime, beginning with a moral settlement and ending with the punitive condemnation of the crimes committed during the era of communist totalitarianism.

The Constitutional and Legal Arrangement

The coalition partners realize that the constitutional and legal arrangement issue must be settled as soon as possible. When dealing with the constitutional and legal arrangement they will proceed from the premise that the common state can only have single international legal status and that the issue of a possible confederation, economic-defense union, or any other kind of union must be resolved subsequently from the will of two sovereign states.

The coalition partners consider it essential to quickly draft a Czech Republic Constitution, to establish a Czech Republic Constitutional Court, and to reshape the structure of Czech Republic central organs.

Democracy and the State Administration

The coalition partners concur in the view that it is impossible to limit democracy to the state level alone and that it is necessary to transfer as much decision-making powers as possible to citizens.... The coalition partners are prepared to deal with the autonomous status of the individual regions of Bohemia, Moravia, and Silesia.

The Market Economy

The coalition partners consider achieving the Czech Republic's economic prosperity to be the fundamental aim of the government's program. At the same time, they declare that they perceive the reintroduction throughout the world of the tried-and-tested standard market economy to be the only means of achieving this aim, while they consider the free market and freedom of the individual to be the fundamental prerequisites for a democratic state....

The main point (of economic reform) continues to be maintaining stability in macroeconomic development given the further liberalization of prices, wages, and foreign trade. Consideration for the market exchange rate for our currency, its stability, and gradual complete convertibility are still among the government's priorities. Thorough, rapid, and feasible privatization is still the main ingredient in transforming the economy and society.

Foreign Policy

The coalition partners realize that success in foreign policy will depend primarily on how the domestic transformation process proceeds and the stability of Czech society.

In conclusion, they declare the joint aim of current foreign policy to be explaining to the international public the issue of constitutional and legal development in the

CSFR, an issue that does not discount the possibility of the establishment of an independent Czech Republic.

The joint starting points for drafting the Czech Republic Government Policy Statement also contain chapters on agriculture, social policy, training, education and research, culture, health care, the environment, and defense and security policy.

Slovak National Council To Discuss Sovereignty

LD0807193692 Prague CSTK in English 1849 GMT 8 Jul 92

[Text] Bratislava July 8 (CSTK)—A declaration of Slovakia's sovereignty will be the main item of business when the Slovak National Council (parliament) gathers on July 17 for its third session since last month's elections, the parliament's presidium decided today.

The presidium also said the parliament would meet on July 14 to discuss a vote of confidence in the Slovak Government and the government's programme declaration.

In other business, the presidium decided to propose to new Czechoslovak Premier Jan Strasky that the Czechoslovak State Defence Council be dissolved. President Vaclav Havel on July 3 named Strasky as the body's chairman.

It also proposed the creation of a separate Slovak Defence Council, to be headed by Slovak Premier Vladimir Meciar.

The Czechoslovak State Defence Council is comprised of Federal Premier Strasky, Deputy Premier Rudolf Filkus, Defence Minister Imrich Andrejcak, Interior Minister Petr Cermak, Foreign Minister Jozef Moravcik, Economics Minister Jaroslav Kubecka, Czech Premier Vaclav Klaus, Slovak Premier Vladimir Meciar, and Oldrich Cerny, director of the Department of Defence and Security Policies at the Czechoslovak President's Office.

In its first meeting since its appointment on July 3, the Security Council today discussed the reorganisation and other structural changes in the Czechoslovak Army.

Security Council secretary, Lieutenant General Jan Cadek, said there had been no discussion at the meeting of a possible split of the Czechoslovak Army into separate Czech and Slovak forces.

Meciar-Weiss 'Row' Causes 'Embarrassment'

AU0707164192 Prague MLADA FRONTA DNES in Czech 4 Jul 92 p 1

[Signed report by "KW": "Meciar Versus Weiss"]

[Text] A participant in a reception at the U.S. Consulate in Bratislava, who does not wish to be named, witnessed a serious row [roztrzka] between [Party of the Democratic Left Chairman and Slovak National Council Deputy Chairman] Peter Weiss and [Movement for a Democratic Slovakia Chairman and Slovak Prime Minister] Vladimir Meciar. He said that at yesterday's reception marking the 213th [figure as published] anniversary of U.S. independence, Prime Minister Vladimir Meciar was invited at 1200 and former Prime Minister Jan Carnogursky at 1400. We have learned from circles close to the U.S. Consulate that in this way U.S. Consul Mr. Hacker wanted to avoid an encounter between the two politicians. A different conflict occurred, however. Peter Weiss, who also attended the reception, approached the Slovak prime minister and asked to be received in the Slovak Government [building]. Vladimir Meciar first replied that he did not have time. When Peter Weiss repeated the request, Vladimir Meciar roughly grabbed him by the jacket, telling Weiss he could not dictate anything to him. The incident, which most participants in the reception witnessed, caused considerable embarrassment.

Weiss Plays Down Incident

AU0707164392 Bratislava PRAVDA in Slovak 6 Jul 92 p 2

[Report by TK SR: "They Make Things Up"]

[Text] Bratislava—"I was astonished to read in the Saturday issue of MLADA FRONTA DNES that, during the Friday reception at the U.S. Consulate in Bratislava, Mr. Meciar 'roughly grabbed me by the jacket' and told me that 'I could not dictate anything to him.' My jacket is in one piece and is not even wrinkled, and I have never suffered from an inclination to dictate anything to people," Peter Weiss, first deputy chairman of the Slovak National Council and chairman of the Party of the Democratic Left [SDL], told TK SR yesterday about a report published by MLADA FRONTA DNES. "We had with Mr. Meciar a short and, as has become a good tradition between us, an open exchange of views on some questions concerning cooperation between the Movement for a Democratic Slovakia and the SDL. That is all. There was no row, no incident. Unfortunately, I, too, have become convinced that at the otherwise good MLADA FRONTA DNES there still are reporters who feel obliged to create sensations, even though the elections are over," Peter Weiss observed.

Democratic Left Party Chairman Interviewed

LD0707200992 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 7 Jul 92

[Studio interview with Peter Weiss, chairman of the Democratic Left Party (SDL) by correspondent Sona Jesenska on 7 July—recorded]

[Excerpt] [Jesenska] Mr. Weiss, you said that Vaclav Havel's failure to get elected is in fact a welcome psychological pretext for the Czech political scene to pursue its endeavor to split our state.

[Weiss] You see, certain long term policies have been formed in this respect. It was not just by accident that demands of the Slovak political representatives for equality in the coexistence with the Czech Republic were turned down during the talks on constitutional and state

structure during the previous term in office. It was not by accident that it was Czech and Slovak right-oriented forces which rejected the agreement and ratification principle during the ballot on the so called three chapters of the constitution.

The issue of a common state, its preservation or the preservation of some form of coexistence between the Czech and Slovak republics, which would meet the requirements of both partners, is being simplified today. It was said that anyone who rejected Vaclav Havel is against a common state. This is simply a psychological dirty trick and a stereotyped propaganda ploy. Serious politics are first and foremost about making analyses, and we need to analyze why a man who was spontaneously accepted as a president both in the Czech Republic and in the Slovak Republic two years ago should have lost a considerable part of his political support in the Slovak Republic after just two years in office, and why his popularity should have has dropped to 18 percent.

[Jesenska] I would also like to know what do you think about Mr. Meciar's remarks to the French newspaper LE MONDE. He mentioned the idea of a rotating president and vice president, who would take the office in turns; this would enable even Vaclav Havel to be a president in the first four years.

[Weiss] This is not a new idea. The Democratic Left Party suggested this at one of the talks with Mr. President Havel. We did not rush to make this idea public, though. We can envisage such a model, or that a Czech and a Slovak citizen would assume the office of president in turns in three of four years in an exactly defined context. In such a case, we can also envisage even Mr. Havel in this post.

[Jesenska] We know that on some points of state and constitutional structure or on its draft, the positions of the SDL and the Movement for a Democratic Slovakia [HZDS] are quite close, while on others they differ greatly. Have your positions been brought close together by what has happened politically so far or by your talks? Have your relations changed or altered?

[Weiss] The factor that brought us closer together was the need to create a new and looser coexistence with the Czech Republic and to pull down the current centralistic and bureaucratic form of the federation, or pseudofederation. I was delighted to hear Mr. Meciar say with such authority at the Devin celebrations that the decision-making on the future state and constitutional structure cannot be left in the hands of a narrow group of politicians and that a referendum should decide on these matters. This has been, and continues to be, the position of the SDL.

So far, there have been differences in our understanding of the issue of the Slovak Republic being subject to international law. The difference is that while the HZDS talks about coordination bodies, we are talking about state administration bodies. Although these bodies would be considerably reduced, they would nevertheless be bodies of state administration. I think there is scope for talks about this issue. The main political problem, however, now is the political determination of the Czech representation to search in this restricted issue for an independent Slovakia and an independent Bohemia. Since the current form of the federation is unsatisfactory, it should look for a new form of coexistence that would yield advantages for both republics and would be accepted in both republics.

[Jesenska] On more than one occasion, you have expressed regret that there is little HZDS cooperation with the SDL. It is not that the HZDS will not talk to you—you even said that its talks with you are frank, truthful, and broad—but that it is not too generous in letting you, as a party, join in the talks on state and constitutional structure with Czech parties. And thus I would like to know whether this position of the HZDS has been slowly changing or not.

[Weiss] The main problem in the SDL-HZDS relationship is that the political caucuses of the two groupings have still not met for official talks. Light should be cast on certain matters there: We should identify issues on which we hold identical views, those on which our views are close, and those on which we should still seek understanding.

[Jesenska] Mr. Miskovsky, a deputy from the Slovak National Party [SNS], said in NOVY CAS yesterday that the SDL is in effect a reason for HZDS and SNS not being a coalition today. You have allegedly taken actions that prevented this to happen. Is there anything you would like to say about this?

[Weiss] What I can say is say that the SNS's state and constitutional policy differs radically from that of the SDL. Therefore, the formation of an HZDS-SNS coalition would be a clear signal to us that the HZDS is also taking over this state and constitutional policy. If this were to happen, I would find it difficult to imagine constructive cooperation with the HZDS. [passage omitted]

SDL, SDSS Establish Parliamentary Working Group

AU0807201192 Bratislava PRAVDA in Slovak 1 Jul 92 p 2

[Signed report by "(DO)": "Communique From the Meeting Between the Party of the Democratic Left (SDL) and the Social Democratic Party in Slovakia (SDSS)"]

[Text] Both the SDL and the SDSS, led by Chairmen Peter Weiss and Alexander Dubcek, discussed the current political situation and, in particular, issues associated with the constitutional and legal arrangement. They agreed that not all the possibilities to seek a new and acceptable form for the common state have been exhausted. Therefore, they see no reason to abandon their election programs.

A joint working group has been set up to prepare a draft for specific political cooperation between the SDL and the SDSS at a parliamentary and extraparliamentary level, cooperation that would contribute to an effective solution to Slovakia's complicated problems.

Former Minister Expelled From KDU-CSL

AU0807204592 Prague TELEGRAF in Czech 1 Jul 92 p 2

[Report by CSTK: "Sacher Has Been Expelled From the Christian Democratic Union-Czechoslovak People's Party"]

[Text] Prague—Former Interior Minister Richard Sacher was expelled from the Christian Democratic Union-Czechoslovak People's Party [KDU-CSL] last week by the party's Czech land leadership.

KDU-CSL Chairman Josef Lux said on yesterday's "Czechoslovak Television Journal" program that his party's leadership had asked members who had been registered on other parties' candidate lists or who had worked for the benefit of other parties to consider their political positions and to leave the party. The Czech land leadership had also wanted to discuss Richard Sacher's political position, but he refused; therefore, he was expelled. Sacher confirmed this information by telephone and added that he refused to take part in the talks because the fundamental prerequisites for a serious political dialogue had been circumvented. He also said that at the moment he does not intend to join any other party.

ODS, HZDS Strategies Contrast in Filling Posts

AU0807203192 Prague MLADA FRONTA DNES in Czech 3 Jul 92 p 2

[Commentary by Jiri Leschtina: "A Government of the CSFR's Heritage"]

[Text] It is hard to avoid the impression that during yesterday's festive inauguration of the Federal Government at Prague Castle, President Vaclav Havel appointed 10 civil servants whose main assignment will be to draw up a report on the federation's inheritable property.

Nevertheless, it would be a gross mistake to regard this probably last CSFR Government as a mere gravedigging cabinet, to which one need not pay all that much attention, in contrast to the vibrant and ambitious republican governments. It will be precisely those 10 federal ministers who will regulate the possible breakup of the state and execute the last will of the federation on the division of property. It is not insignificant that it will be the federal cabinet to which the powers of the head of state will be transferred in the event that no CSFR president is elected.

Aware of these circumstances, the Civic Democratic Party [ODS] distributed its forces relatively evenly between the Czech and federal cabinets. Although the party's main caliber—Vaclav Klaus—moved to the Czech field, the fresh members of the Federal Government from the ODS's ranks, especially Jan Strasky, Miroslav Macek, or Petr Cermak, definitely cannot be regarded as a second-rate political team. Miroslav Macek and Petr Cermak, the two ODS deputy chairmen, in particular, having gone through the fire of martyrdom of discussions with Vladimir Meciar, are today among those politicians who claim that the federation can no longer be saved and that the sooner the division is carried out, the better for both sides.

On the other hand, three out of the five representatives of the Movement for a Democratic Slovakia [HZDS] who were dispatched by Vladimir Meciar to the Federal Government are politicians who are well-disposed toward the federation—Rudolf Filkus, Milan Cic, and Jozef Moravcik. Rudolf Filkus and Milan Cic, in particular, make no secret of their positive attitude toward the common state and common economic space (which in contrast to many ministers of the new Slovak Government) they regard as an important prerequisite of Slovakia's successful development.

It is precisely this move by Meciar that suggests that it would not at all go against the grain of the HZDS chairman if the Federal Government, whose mandate is to be "limited in time," according to the Bratislava principles of 19 June, functioned as long as possible after the declaration of Slovakia's sovereignty and after the adoption of a Slovak constitution by the Slovak National Council. This is so because the property of the federation will be at stake and Bratislava, with assistance from its government "branch" in Prague, will want to transfer to Slovakia as great a portion of the federal heritage as possible.

HZDS Set To Fill Vacant Mayoral Posts

AU0807202592 Prague TELEGRAF in Czech 3 Jul 92 p 2

[Signed report by "(RAJ)": "The Mayors Are Fleeing"]

[Text] Bratislava—A proposal to hold supplementary elections to community self-governing bodies was on the agenda of Wednesday's [1 July] Slovak National Council [SNR] Presidium session. "We have reports that, so far, some 70 town and city mayors have given up their posts. Therefore, the Presidium has charged Mandate and Immunity Committee Chairman Lubomir Fogas (Party of the Democratic Left [SDL]) with ascertaining why this situation has arisen," said SNR Chairman Ivan Gasparovic (Movement For a Democratic Slovakia [HZDS]).

There are several reasons the mayors have given up their posts. "Many of them are under great pressure. A mayor may be from a different political party than many of the deputies, and so they have varying points of view on issues. Sometimes the deputies ignore the local authority meeting and make their animosity clear to the mayor. He cannot withstand the pressure and gives up," said SNR

Deputy Chairman and Slovak National Party [SNS] Chairman Jozef Prokes about this issue. However, he added that his party is unaware of any town or city mayors elected on behalf of the SNS giving up their posts. Eva Sahligerova (Civic Democratic Party), leader of the district council in Levice, does not know anything about any mayors giving up their posts in her district.

Nevertheless, it is rumored in the lobbies that the issue obviously involves an attempt by the HZDS to gain an absolute majority of mayoral posts. Laszlo Gyurovszki (Hungarian Civic Party) agreed with this point of view and added that it is obviously not only an attempt on the part of the HZDS to gain an absolute majority of town and city mayoral posts; at the same time, they want—according to him—to create a background for the possible adoption of unpopular government measures, measures they will have to accede to sooner or later. Bratislava-Old Town Mayor Miroslava Zemskova (Democratic Party) confirmed that she had already heard, albeit unofficially, about the attempts to hold early local elections. She believes that 90 percent of mayors would no longer campaign for their posts. "The reaction of our other partners would be interesting. After all, the majority of mayors are from the SDL, and around 100 are from the SNS." She added that if new local elections were indeed held, she would campaign again.

Government Spokesman Discusses Refugee Policy

LD0807182392 Budapest MTI in English 1749 GMT 8 Jul 92

[Text] Budapest, July 8 (MTI)—In keeping with the Geneva Convention, Hungary is continuing to grant safe haven to refugees but does not wish to receive any displaced persons.

This is the position the Hungarian Government adopted at its Wednesday [8 July] session, government spokesman Balazs Laszlo told the press during a break in the government session. (A refugee is considered to be someone fleeing a country voluntarily, while a displaced person is one ordered to leave his or her country.)

Due to the wave of refugees arriving here from Yugoslavia, the Hungarian Government holds it necessary to make the international public aware of the need to take a stand against all attempts at displacing the population from Bosnia or anywhere else in the world.

The spokesman announced that the government has approved a Hungarian-Croatian trade accord which regulates bilateral economic and commercial relations, and guarantees the most favoured nation status to one another.

Judit Juhasz, spokeswoman in charge of internal affairs, said the government is presenting to Parliament for urgent discussion a bill on creating a security stock of oil and oil derivatives.

Due to the country's growing dependence on oil imports, the government has decided to establish a security reserve which would guarantee a smooth oil supply even in crisis situations. The stock would be equal to a quarter of the country's net annual oil imports.

Sixty per cent of the reserve stock will be composed of oil, and 40 per cent of oil derivatives.

Refugee Camps Reportedly Full

LD0807204292 Budapest Kossuth Radio Network in Hungarian 1600 GMT 8 Jul 92

[Text] [Announcer] Refugee camps in Hungary are full. If new refugees arrive, the camps will have to be expanded or new ones will have to be set up. This is what Interior Ministry State Secretary Istvan Morvay learned during his visit to Bekescsaba. Eva Cseh reports:

[Cseh] These people—mostly children, women, and old people—came here straight from hell, where their houses were burned, they were robbed of their possessions, and they were made to watch the killing, Interior Ministry State Secretary Istvan Morvay said this afternoon at the Bekescsaba refugee camp.

Istvan Morvay visited the refugee camps at Nagyatad, Mohacs, and Bekescsaba on Wednesday afternoon. He said the Bosnians deported from Yugoslavia in the past few days are the victims of an organized action, since they were driven away from a few settlements while the men were kept.

Although more than 100,000 refugees are staying in our country, this new arrival of some 3,000 Bosnians presents new tasks for the refugee camps, since their Muslim religion forbids them to eat pork, while at the same time, there are also health problems. There are several people among the refugees with contagious diseases like tuberculosis or dysentery who, naturally, are given medical treatment in the camps. According to the state secretary, the camps are practically full. The camp at Bekescsaba is still able to receive a few people, but preparations are being made to expand the existing camps or to open new ones.

However, the Finance Ministry still has not transferred the 27 million forints that were due in May, and if this does not happen the state secretary will take the necessary measures.

Otherwise, provisions for the refugees are adequate for the time being. There are only shortages of children's summer clothes, shoes, diapers, and underwear. The Bosnian refugees, as victims of a war, want to travel to a Western country, thus they are staying in our country temporarily and did not ask for refugee status.

Sociologist Examines Defense Conversion Problems

AU0807201592 Budapest MAGYAR HIRLAP in Hungarian 1 Jul 92 p 8

["Text" of study by Sociologist Janos Szabo, senior member at the Defense Research Institute: "Defense Conversion Is Lacking in Expertise, Knowledge, and Resources—Trying To Answer Simple NATO Questions"]

[Text] Since the change of the regimes, defense conversion has been taking up a strengthening position on the agenda of the East and Central European region. Economic and political transformation has visibly led to the collapse of the defense industries and dismantling the armed forces and military arsenals. This process brought about large losses in the areas of production, exports, incomes, profits, and taxes, and also played a part in the increase of unemployment. At the same time, it has also increased the risks of the political stability and security of the region because the losers (business organizations, local governments, social groups, and even the individuals) are seeking ways to compensate for and survive their losses, often with methods outside the control of the government (illegal arms exports, aggressive powers buying highly qualified experts, and so on). The conference of the NATO Economic Council Defense Conversion Project in Brussels in May dealt with these issues, the resulting problems, and the possible solutions. As a

member of the Hungarian group of experts working within the project, the following conclusions can be drawn.

Today we know that two factors are conditional upon each other, namely the successful execution of the defense conversion and a full participation in the new European security system. The countries of the region need a sense of security to freely reduce their defense potentials, and they need the possibilities of economic development to be able to convert the released industrial and human capacities to civilian use.

At the same time, the difficulties a successful conversion has to face are hard to overestimate:

1. We do not know exactly what is going on in the region, whether it is a deliberate conversion or simply a matter of the collapse of military industries and the dispersion of armies. The scientific research information and analyses that have been undesirable in the region up to now are painfully missing;

2. The models of conversion have problems, too, because none of the three known models can function. The "command conversion" became impossible because the last command economies collapsed in 1989-91. A dynamically growing and healthy market economy—a basic condition of the success of "diversified conversion"—has not yet been established. "Conversion by the local communities of the civilian society" is prevented by the traditionally undeveloped nature of the civilian societies and the fact that the newly emerging social movements are hardly rooted in society while the representatives of unemployed people and employees do not have legitimacy;

3. Both in the East and the West, efforts that surpass the conversion are behind the international support for defense conversion. This is the way some in the East want to obtain help to develop their new and independent defense industries and armed forces while Western enterprises facing a contracting market would like to acquire new markets in the former Eastern Bloc countries.

In Brussels, in May, three simple questions were put to the representatives of the affected countries by the NATO experts who are ready to support the Eastern defense conversion:

—What is needed for the implementation of defense conversion in the Central and East European countries?

—How can the ensuing conflicts be resolved?

—What help is needed from the Western countries to do this?

The surmounting difficulties can be seen even if we only examine the first question here. According to the experts, short-term crisis-intervention steps are needed on the one hand, and intervention serving the long-term reconstruction of the defense sector on the other.

The most important short term tasks are:

—New opportunities and motivations have to be created to help the staff of defense industries and armed forces take on the changes;

—Highly qualified experts have to be protected;

—Social peace has to be protected from the consequences of the collapse of the defense sector.

The essence of the long-term interventions is:

—In the course of political transition, the determining positions of the defense sector have to be placed under democratic control (the change of the defense industry and the military organization's elite, new military policy view, and so on);

—In the course of the economic transition, the reorganization of the defense industry production and the markets of defense equipment have to be resolved (privatization, new international market orientation, change of economic elite, new industry policy supporting the defense industry, and so on);

—In the course of the social transition, modern (or Western-type) defense societies have to be established (with a new civilian-military relation system, democratic control, a structure open toward society, and so on).

Therefore, our tasks equally affect the daily crisis intervention, and the political, economic, and social transition.

The views of German sociologist Ralf Dahrendorf are rather well known among social scientists. According to him, a formal political transition can be achieved in about six months; six years are needed for even a moderately stable economic transition; and a social transition that is to withstand the storms requires at least 60 years.

The question now is how to give simple answers to the above simple question? We can certainly assume that the problems are much more complex than they would seem on a simple pragmatic level, and that there is not enough expertise, knowledge, and resources in this region to simultaneously take on the short-term crisis-intervention and the long-term reconstruction of the defense sector.

Hungary's conversion problems are made relatively simple by the rather reduced level of its former defense industry and armed forces. As for the defense industry, it only gave 2.5 percent of the processing industry's output at the end of the 1980's. The value of the output was 21.4 billion forints (roughly $370 million). The number of employees was about 30,000—some 2 percent of industrial employees. Some 40 industrial enterprises participated in military industrial production, and military

purpose products exceeded 5 percent only in the case of 17 of these. The development rate of this sector was some 1-1.5 percent higher than the average development rate of the domestic industry. Its production has suffered a 60 percent decrease by now.

In 1988, the 120,000-strong domestic armed forces included some 28,500 regular staff (officers and warrant officers) which, together with people employed in the military industry, provided some 1 or 2 percent of active earners. The decline of production was followed by the reduction of military industry employees, and the level of reduction of domestic armed forces was followed by the reduction of staff of officers and warrant officers. The decrease of the armed forces reduced the number of regular soldiers by some 6,000 between 1 January 1989 and 1 January 1992.

In the process of defense conversion, much more tension is accumulating in the other countries of the former Eastern Bloc than in Hungary. While the economic decline and the increase of unemployment rate exceeds ours, in the other countries:

—The military economy has a greater importance in the national economies (for example, in the Soviet Union, the proportion of the military economy was officially acknowledged as 8 percent of the gross domestic product, but estimates put it as high as 25 percent);

—A special quality and dangerousness of military production was present (for example nuclear arms production);

—The military economy was made artificially overcomplicated and secret to the detriment of the possibility to oversee it;

—Military economies whose level exceeds civilian production by six to eight years, and whose supervision and direction has been rigidly separated within the national economy up to now (for example, in the Soviet Union or in the Slovak industrial area) have to be broken up; therefore, their collapse creates a large scale local unemployment all of a sudden.

Military forces larger than ours present a special problem. For example, in addition to the domestic soldiers, military forces that have been stationed abroad are streaming back to the countries of the former Soviet Union, the defense industry experts become attracted by nationalism, and so do the discharged regular soldiers.

We must see that the basic differences of Eastern- and Western-type conversion policies are parallel to the historical differences of the Eastern- and Western-type defense societies: We can find deliberate conversion policies with a complicated structure in the Western-type defense societies, and what is even more important, we can find a highly developed institutional system that can implement all these.

At the same time, in the Eastern-type defense societies, we can only see the collapse of the defense sectors and find only the roots of a conversion policy. What is even more important, we cannot find the necessary institutional system that would be able to carry out the conversion.

Naturally, one cannot be surprised at this. The Western-type defense societies, the army, and the whole defense sector arose by society's penetration into the state. As opposed to this, in the traditional Eastern-type defense society, the army and the whole defense sector was the state's tool used for intervention against society. This situation has only ceased to exist recently, with the collapse of the Eastern-type defense systems. Naturally, immediately after the collapse of the former model, the defense societies of this region cannot automatically be identical to the Western-type defense societies.

In my view, the present task of the conversion experts in the Central and Eastern European countries is the following: To draw up a conscious and integrated conversion policy for the various sectors of the governmental systems to make it possible to implement the short-term crisis intervention, and oversee and begin the long-term defense reconstruction program.

What we can do is:

—Provide correct information on the current situation and perspectives of the conversion process;

—Analyze the possible solution and their outcomes;

—Based on international experiences, provide usable models for the governments;

—Reduce the spontaneous elements, and increase the conscious elements in the conversion process.

At the moment, we are at the beginning of the conversion research in the whole region. As far as it is possible to judge the position of conversion in the region, the aforementioned tasks can also be the best starting points and motivating factors of research programs started in these countries.

We undoubtedly have to maintain the key position of research and advise to the government, and the priority of maintaining constant contact with the international network of experts, including, first of all, the participation of Hungarian experts in the NATO Economic Council Conversion Project that has already been given acknowledgement by this body.

Walesa Accepts Suchocka Candidacy, Cabinet

LD0807123792 Warsaw PAP in English 1135 GMT 8 Jul 92

[Text] Warsaw, July 8—President Lech Walesa accepted on Wednesday [8 July] the candidature of Hanna Suchocka for prime minister.

Following a one and a half hour long meeting of the president with representatives of the coalition of seven parties, presidential spokesman Andrzej Drzycimski said that "conforming to the rules of democracy, the president accepted the candidature of Hanna Suchocka for prime minister and the composition of the cabinet proposed by her."

The spokesman added that the president thanked Waldemar Pawlak for performing duties of prime minister in a difficult time for Poland.

Speaking to journalists Suchocka, Democratic Union deputy and would-be Poland's first female premier, said that "after quarrels and conflicts, the government of national agreement must be formed now." She added that being a woman she has great chances to form such a government as "it is women that frequently ease conflicts".

Suchocka also said that she is very optimistic after Wednesday's talks with the president. According to her, the future course of developments depends now on the parliament.

Walesa Comments on Candidacy

LD0807133692 Warsaw Radio Warszawa Network in Polish 1200 GMT 8 Jul 92

[Excerpts] President Lech Walesa, following talks with representatives of the coalition, today accepted the candidacy of Hanna Suchocka as prime minister and the government composition proposed by her. [passage omitted]

Welcoming the people who had come, President Walesa said:

[Begin recording] From what I know, you have fulfilled all the president's wishes theoretically. However, as a practician, I know that Poland and the president today need practical and effective actions. Sentiment is sentiment; however, the interest of Poland is the interest of Poland. And that's why I would like us to proceed this way. As you created a majority, it should be tested in practice in the Sejm chamber, and that's why you present a motion in the Sejm to recall the prime minister. By this, you'll reveal your majority, pratical majority, and then I, as president, who honors democracy, will immediately set in motion the processes associated with this fact.

I would also like to say that, in my opinion, my proposal associated with Pawlak was better in the long term, but democracy has its laws and, if this is what you want, you must proceed in accordance with these processes. I am emphasizing once again that I respect and subordinate myself to democracy therein [word indistinct] future of a solution for Poland. It will be both practically better and more effective. Only again, let's not link sentiment to the interest of Poland. My sentiment, my heart, is in Solidarity, but my heart is in Poland, and I look for maximal solutions for it. I am not directed by anything except its interest, and an interest needs a majority, an interest needs an effectiveness.

We already have, you and I, experience. We know that it is not the best experience with that effectiveness. Now I hope we'll link sentiment and effectiveness, and that's what Poland needs. [end recording]

We received the recording from the President's press office.

Pawlak To Submit Resignation

LD0807134192 Warsaw Radio Warszawa Network in Polish 1300 GMT 8 Jul 92

[Text] At 1400, President Lech Walesa received Prime Minister Waldemar Pawlak. In connection with the present situation and in the face of the new coalition being formed, while recognizing the rules of democracy, the prime minister has informed the president that he is going to submit a letter of resignation from the mission of forming a government.

The president thanked Waldemar Pawlak for peace and security being maintained in the country during a very difficult period for the homeland.

Walesa Assesses Government Chances

LD0807180792 Warsaw TVP Television First Program Network in Polish 1730 GMT 8 Jul 92

[Interview with President Lech Walesa by unidentified correspondent at Warsaw airport on 8 July—recorded]

[Text] [Correspondent] Mr. President, how do you assess the chances of this government, the chances for stability of this government?

[Walesa] Well if democracy does not work this time, I still have an option. I have mentioned it already and I will repeat it when I return from Helsinki. I will propose a prime minister and the entire government. If the present government does not succeed, we are not going to play games any more.

[Correspondent] Would you head the government?

[Walesa] No, there are better candidates.

[Correspondent] Thank you.

[Walesa] But I am the best.

Suchocka: 'Government of Conciliation'

LD0807221992 Warsaw PAP in English 2147 GMT 8 Jul 92

[Text] Warsaw, July 8—Candidate for the prime minister Hanna Suchocka announced after her first official meeting with President Lech Walesa on Wednesday [8 July] that she wanted "a government of conciliation, one that will discard controversies, quarrels and wars."

Asked about her cooperation with the president, Suchocka replied: "From the very beginning, I and the coalition assumed that we would seek agreement within the parliament and we have found it. We are also looking for agreement outside (parliament)."

Suchocka also expressed an opinion that the planned offices of the deputy prime minister for political affairs and the minister without portfolio for contacts with parliament will be helpful in maintaining cooperation with the Polish Parliament.

Asked how she planned to combine "water and fire" or in other words the National Christian Union (ZChN) and the liberals, Suchocka replied that once she had agreed to preside over such a government, she believes she would make it and "effects will come."

Commenting on the selection of candidate for the post of minister of internal affairs, Suchocka explained that two ministries, of defence and internal affairs, are special due to the fact that they are linked with the consitutional rights of the president regarding national security and defence.

Hanna Suchocka was also asked to comment on Adam Glapinski's open letter, in which he required public explanation of the reasons why she knocked him off the list of ministerial candidates. The explanation was that every candidate for the premiership is free to choose his/her collaborators.

She added that she had made a proposal to the Centre Alliance (PC) to come out with another candidate who could implement PC's programme. "It seemed that the nation's interest, the well-being of the state, and the coalition demanded a compromise and we will not continue recriminations," concluded Suchocka.

Glapinski Questions Exclusion

LD0807192192 Warsaw PAP in English 1838 GMT 8 Jul 92

[Text] Warsaw, July 8—Adam Glapinski, rejected by Hanna Suchocka as a potential ministerial candidate in her coalition cabinet, on Wednesday [8 July] accused Ms. Suchocka of acting in bad faith in excluding him in this way.

In an open letter to the prime-minister designate, Glapinski called on her to explain publicly her reasons for excluding him from the list of ministerial candidates. He said that he was the victim of a smear campaign against him by "dishonest importers and smugglers," against whom he had sought to take action when he was minister for foreign economic cooperation in the Olszewski Government, and he accused Ms. Suchocka of having consciously allowed herself to be influenced by this.

Party Officials on Government

LD0807221492 Warsaw Third Program Radio Network in Polish 2100 GMT 8 Jul 92

[Statments by Krzysztof Krol of the Confederation for an Independent Poland and Adam Glapinski of the Center Accord; place and date not given—recorded]

[Text] [Krol] If it is true that Mr. Janusz Lewandowski will be minister of ownership transformations, then we will be against this government. We think that what Mr. Lewandowski did with the privatization of the Polish economy when the Liberals and Prime Minister Bielecki were in government was so terrible that it would be the worst misfortune. We will be against this.

[Glapinski] We have quite a hard choice. This government is a lame-duck one in a sense; it has been put together in a convoluted way. But the alternative is even more horrifying—a government constructed outside of parliament, a government formed by appointing heads of ministries. Poland would not be able to stand it. So we will not stand in the way of this government's formation. We will even help: if it does not collect the appropriate number of votes, we will leave the Sejm chamber to lower the quorum. We will give this government a chance to be formed, so Poland knows that an executive authority based on parliament exists. But, of course, we will be watching what the government does.

Tyminski Ready To Form Government

LD0807215792 Warsaw PAP in English 2123 GMT 8 Jul 92

[Text] Warsaw, July 8—Leader of the Party "X" Stan Tyminski on Wednesday [8 July] sent another fax to the president to reiterate his readiness for forming a new Polish Government.

Tyminski claims the support of 239 members of Parliament who represent, he says, the Democratic-Left Alliance (SLD), the Polish Peasant Party (PSL), Christian-National Union (ZChN), Confederation for Independent Poland (KPN), Centre Alliance (PC), Democratic Union (UD), Liberal-Democratic Congress (KLD), Polish Economic Programme (PPG), Real Politics Union (UPR) and the "Solidarity" Parliamentary Caucus.

He maintains that this support enables him to build a strong Government. "I think that most Poles will be grateful for giving me such a possibility," Tyminski concludes in his message and asks the president for a quick reply so as he can book an air-ticket to Poland.

Suchocka Profiled

AU0907073492 Warsaw ZYCIE WARSZAWY in Polish 6 Jul 92 p 2

[Report by Piotr Zaremba: "Profile: Hanna Suchocka]

[Text] Only three days ago, Hanna Suchocka's name was not even mentioned on the "prime ministerial stock exchange." However, Jacek Kuron claims the Democratic Union leadership did consider her as a "spare" candidate because, as Kuron put it, "Hanna does not belong to any political establishment."

Hanna Suchocka comes from Wielkopolska. She was born in Pleszew in 1946. Her parents were pharmacists. She completed high school in Pleszew, and in 1968 she graduated from the law faculty of the University of Poznan. Since 1972 she has held a chair in constitutional law at this university.

She commenced her political career in 1980, when she became a Democratic Party deputy in the Eighth Sejm of the Polish People's Republic. At that time, the Democratic Party was allied with the Polish United Workers Party [PZPR]. However, as early as 1981 she and a few other Democratic Party deputies expressed independent thoughts in Sejm debates.

In January 1982, at a meeting of the Legislative Commission, she voted against the martial law decree. In October 1982, she again voted against the trade union law that outlawed Solidarity. In 1984, she objected to the draft election code that preserved the PZPR's election monopoly, and quit the Democratic Party.

The fact that in 1989 the Citizens Committee recommended her as Sejm deputy for Poznan can be attributed to her extensive legal knowledge and prestige within academic circles. She became a member of the authorities of the Citizens Committee and deputy chairman of the Legislative Commission.

At the beginning of 1991, she joined the Democratic Union Parliamentary Club [KPUD]. She was tipped to become chairman of this club, but Professor Geremek became chairman instead.

In October 1991, she again became a Sejm deputy, this time in the Democratic Union. She continues to be a deputy chairman of the Legislative Commission. She helped prepare the Union's Small Constitution bill and defended it before the Select Committee.

"She's my favorite deputy," says Teresa Liszcz (Center Accord), chairman of the Legislative Commission. That illustrates Suchocka's position in parliament. She is universally liked and respected. She is also described as more of a specialist than a politician.

She maintains an independent position inside the fractious Democratic Union. She signed her name beneath the tough anti-abortion bill, and did not vote for Pawlak like most of the KPUD did. Aleksander Hall's right-wing faction inside the Democratic Union treats her as a potential ally, and she has preserved her independent position. Her candidacy for prime minister has not caused any disputes inside the KPUD, though some people belonging to nonparliamentary left-wing groups linked to the Democratic Union have privately said that she is controversial. However, the other post-Solidarity parties welcome her.

"Women have often saved their country. Take Joan of Arc," said Stefan Niesiolowski, chairman of the Christian-National Union Parliamentary Club.

"Will she survive among all the politicians? Most of them are gangsters," said one of her club colleagues with concern.

Further Reportage on Bush Visit to Warsaw

Baker, Skubiszewski Hold Talks

AU0807152192 Warsaw RZECZPOSPOLITA in Polish 6 Jul 92 p 9

[Report by 'R.M.': "Not Just About Politics"]

[Text] At the same time the U.S. and Polish presidents held talks at the royal castle in Warsaw, there were talks between chiefs of diplomacy Krzysztof Skubiszewski and James Baker. On the American side, the talks were also attended by, among others, Secretary of the Treasury James Brady and Robert Zoellick, under secretary for economic and agricultural affairs at the State Department.

The subject of the talks was bilateral cooperation. Poland expressed interest in credit guarantees totalling $1 billion for housing construction. The two sides decided to return to this topic after the American presidential elections. The Polish side praised the role of the United States in setting up the stabilization fund, and said that the fund had already fulfilled its purpose. However, the money remaining in this fund could be used to expand export-import activity and banking, it was said.

The Polish side touched upon the subject of fishing in the Bering Sea. The ecological protection of these waters was discussed. The Polish side agreed with the American side about the importance of this problem, and said it would like to obtain the U.S. Government's permission for the reloading of fish in these waters.

The role that the CSCE should play after the Helsinki summit was also discussed. In particular, there was talk of preventing and halting armed conflicts on our continent. The question of the so-called CSCE economic basket was also touched upon, and attention was drawn to the need for former USSR republics to adhere to the relevant commitments.

For their part, the Americans were interested in the agreements between Poland and Russia on the pullout of

Soviet forces from Poland. The Polish side suggested that a part of the international aid for Russia be used to build homes for ex-Soviet Army officers leaving our country. The Baltic countries are also interested in this matter.

The American side expressed interest in Poland's treaty on associate membership in the EC, especially the question of customs duties.

The meeting was concluded with private talks between Skubiszewski and Baker. The presidents of Poland and the United States joined them toward the end of the talks.

TRYBUNA Views Visit

AU0807152292 Warsaw TRYBUNA in Polish 6 Jul 92 p 1

[Commentary by Zygmunt Slomkowski: "One Hundred Words"]

[Text] The last respects paid to Paderewski and the presence of the U.S. President in Warsaw focused the attention of the world's politicians on Poland. Poland was in the spotlight.

But it is difficult to imagine a worse time for this, a time when the country is without a government, and shortly after an all-night parliamentary debate that showed how hatred and a hunger for power can destabilize a country, divide society, and move to the sidelines the things that sustain a nation, and the qualities that are expected from us by a kind outside world.

There is no shortage of this kindness for Poland, and George Bush displayed it once again. We know that this kindness conceals American interests and an American view of the world, but that is no drawback. This kindness is commendable because it is not the result of fluctuating moods or temporary, short-lived values, but the result of interests that are favorable for Poland. This is the message that George Bush brought with him in 1989, when he expressed support for the road embarked upon after the "roundtable" and the June 1989 elections, and for the start of work on building a democratic system.

But not all of the political elites in Poland understand this. If Bush's visit to Warsaw on this Sunday in July imparts to them at least a modicum of common sense and realism, the visit will have fulfilled a great purpose, for it will serve to establish healthy conditions for rational cooperation between the United States and the entire West on the one hand and Poland on the other, and will enable Poland to reap maximum benefit from this cooperation.

Walesa Leaves for CSCE Summit in Helsinki

LD0807165192 Warsaw PAP in English 1630 GMT 8 Jul 92

[Text] Warsaw, July 8—Polish President Lech Walesa left Warsaw for Helsinki on Wednesday [8 July] afternoon to attend the forthcoming summit of the heads of states of the member-countries of the Council for Security and Cooperation in Europe (CSCE). He is scheduled to address the summit on Thursday.

Walesa is scheduled to return to Poland on Friday evening, although Presidential Press Spokesman Andrzej Drzycimski warned on Tuesday that the president is prepared to cut short his visit if the seriousness of the domestic political situation warrants it.

Before leaving for Helsinki, Walesa told reporters at Warsaw airport that his one and a half hour discussion with Hanna Suchocka and other leaders of the 7-party coalition supporting her had lasted for so long "because we need to find more lasting solutions" to Poland's political crisis following the recent period of uncertainty.

Walesa added that he had received written assurances from the leaders of the 7 coalition partners that they would support a Suchocka cabinet, and said that he would accept the parliament's decision, despite personal misgivings. "Poland is more important than my feelings," he said.

"This time, if democracy proves ineffective, I have one solution left: For me to propose a new prime minister and a new cabinet. We can't fool around any more," Walesa said, adding that he would not take up the post of prime minister in such a government.

Sejm Holds Debate on Association With EC

AU0807202992 Warsaw NOWY SWIAT in Polish 4-5 Jul 92 pp 1, 2

[Report by Ireneusz Walencik: "Hopes and Fears"]

[Text] The Sejm debate on the subject of the ratification of the treaty on Poland's association with the EC, concluded in Brussels on 16 December 1991, ended late on Friday evening. It had lasted all day.

The treaty, that provides a basis for economic and political integration with Europe, will determine the fortunes of the republic over the next few years, a fact the deputies who spoke from the floor during the debate realized. The speakers could be classified into three groups.

The first group consisted of those who approve of Poland's association unconditionally, represented by the Democratic Union [UD] and the Liberal-Democratic Congress [KLD]. Deputy Filip Kaczmarek of the KLD warned against the consequences of Poland's economic isolation, saying that association with the EC would enable Poland to make the most of its geographical and

political situation and continue the reforms. Immediately after ratification of the treaty, Poland should apply for full EC membership, he said.

The second group consisted of those who generally accept association with the EC, but are mindful of the dangers and challenge involved. Deputy Janusz Choinski (Movement for the Republic) stressed that during the 10-year period of adaptation, association will give greater advantages to Poland than to its partners. However, we must not think it will be anything like the Marshall Plan aid, he said. Deputy Tadeusz Kowalczyk (Peasant-Christian Party) said one must prevent Poland from becoming a mere source of goods for the West European market. Deputy Tadeusz Lasocki (Christian Democracy) criticized the treaty for not containing any protocols on the financial help Poland might receive during the adaptation period. Deputy Aleksander Malachowski (Solidarity of Labor) said that Poland has no profit and loss balance sheet. "Rejecting the treaty would be a folly, but accepting it would be an even greater folly that also contains hope." He said that Poland's economic rapprochement with Europe is inevitable, whether in the EC or outside it. One must take the risk, even though its effects could be suicidal for Polish agriculture and industry, he said.

The third group of deputies consisted of those opposed to Poland's integration with the EC under the terms of the treaty, represented by the Christian-National Union [ZChN] and the Confederation for an Independent Poland [KPN]. Speaking on behalf of the KPN, Leszek Moczulski said that although in a formal sense the association treaty brings Poland closer to Europe, in a practical sense, together with the Maastricht treaty, it actually moves Poland further away from it. He said Poland should not play the role of a poor relation trying to attach itself to someone richer at any cost. Deputy Jacek Turczynski [ZChN] criticized the way work on the treaty had been carried out—in secrecy and without consulting the Sejm. The treaty will cause Poland huge losses, he said. Its shortcomings include an insufficiently long period of trade relaxation (the Czechs and Hungarians negotiated a longer one), and a restricted influx of labor, resulting in Polish experts being drained away from the country. Poland's agricultural produce could be eliminated from Eastern markets as a result of competition from Western produce, he said. That would be a blow to Polish farming. In turn, the opening of the Polish market to the EC would place a weak country at the mercy of competition from stronger ones, which would cause the Polish economy to collapse.

Franco-Polish Regional Cooperation Discussed

PM0907101892 Szczecin GLOS SZCZECINSKI in Polish 24 Jun 92 pp 1-2

[Interview with Jacques de Chalendar, chairman of the France-Poland Foundation, by correspondent Andrzej Suprynowicz; place and date not given]

[Text] [Suprynowicz] You head a foundation set up to administer the loan of 90 million French francs [F], that was granted to us for a period of three years. It is the gift of the French State Treasury, extended to Poland as economic aid. The Foundation has operated for two years now. Who has benefited from its credits, and to what extent?

[De Chalendar] The Foundation's operation has been extended by one year already, and it is almost certain that it will continue to embrace 1994, too. Altogether, this will give us a five-year program. The minimum annual sum guaranteed by our government is F30 million. We have based our operations on the principle that it would be more advantageous to finance the projects sponsored by the Foundation only to a proportion of their costs, that is set either at one-third or one-fourth. In this way the value and the number of the finalized projects will largely exceed the sums we have at our disposal. Regarding your question of what has been accomplished to date, let me tell you that on the national scale, a lot has been done in Poland, including projects in Katowice, Walbrzych, Wroclaw, Warsaw, Lodz, and Poznan, but, unfortunately, not much has been accomplished in Szczecin itself.

[Suprynowicz] During your visit here you emphasized the need to set up a dynamic Szczecin center for the coordination of Polish-French cooperation. Will such a step increase your foundation's interest in our region?

[De Chalendar] I would be very happy to see our cooperation develop and flourish. We are ready to increase the financing capacity. However, it is important to make sure that there is good understanding and coordination within your own team.

[Suprynowicz] How are we to understand this?

[De Chalendar] When a delegation of the regional council of the department of Loire Atlantique visited Szczecin recently, they met with the voivode, but not with the mayor of Szczecin. Moreover, they were never taken on a tour of the city itself. Afterward, members of the delegation wrote to me asking whether the city is in conflict with the voivodship. This is why I welcomed Sejm Deputy Puzyna's suggestion, made during our meeting a couple of months ago, to meet again for talks in a larger group of interested parties.

[Suprynowicz] Just now you have had two days of intensive negotiations with, among others, the Szczecin voivode, the city mayor, the chairman of the self-government legislature, the rector of Szczecin University, and the director of the West Pomeranian School for Local Self-Government. What progress was made in these talks in the concept of developing closer ties between your Foundation and our region?

[De Chalendar] Together with the Szczecin voivode and his colleagues, we summed up the results of our cooperation to date, especially concerning contacts between your region and the department of Loire Atlantique. We

discussed cooperation between the ports of Nantes and St.-Nazaire and Szczecin, and also the possible ways of establishing business in your voivodship for various French companies. We also talked about finding a suitable place in your city to house a French Center—such centers having already been launched in other Polish cities. We discussed with the mayor of Szczecin his recent visit to France as head of a self-government group and future development of our cooperation with the city of Szczecin. With the rector of Szczecin University we discussed development of the West Pomeranian Business School and the plans to obtain international recognition for its diploma, and also training methods for university teachers of French. Finally, with the chairman of the self-government legislature and with representatives of the Foundation for the Development of Local Democratic Structures we discussed questions involved in training self-government cadres in the entire voivodship.

[Suprynowicz] What are your impressions as you leave Szczecin to return to France?

[De Chalendar] I am returning with the certainty that Szczecin is not only a very important city but also a center that provides the essential focus for all developments in the entire region of West Pomerania. The proximity of the state border predisposes you to closer contacts with Germany. Nevertheless, we hope that you will also develop sound cooperation with our French departments. After all, over the next 20 years we will gradually see the advent of a Europe of regions.

State Market Agency Releases Grain Reserves

LD0907111192 Warsaw Radio Warszawa Network in Polish 0300 GMT 9 Jul 92

[Text] On the basis of the 7 July decision by the prime minister, the Agricultural Market Agency has released 120,000 tonnes of wheat from state reserves. It is being sent to the State Grain Enterprises. This should assure continuity in the supply of flour for personal and commercial use.

Andrzej Smietanko, the agency's deputy chairman, said the agency's reserves are sufficent and there will be no shortage of grain for bread and flour anywhere in Poland before the harvests. At the end of June, the agency was holding 300,000 tonnes of grain.

Pstrowski Miners Begin Strike, List Demands

LD0707074792 Warsaw Radio Warszawa Network in Polish 0600 GMT 7 Jul 92

[Text] A strike at the Pstrowski coal mine in Zabrze began several hours ago today. A list of 10 demands is being supported by all the trade unions functioning at the mine. The miners are demanding a guarantee of the payment of wages for July. The list of demands also includes an increase of pay by 50 percent, and the demand that outside companies working below ground at the mine have their agreements terminated. After negotiations broke down in the early hours, the strike committee also demanded that the mine manager be dismissed.

Interior Minister Assesses Problems of Police

LD0807154192 Warsaw Radio Warszawa Network in Polish 1400 GMT 8 Jul 92

[Text] The Sejm Commission for Administration and Internal Affairs has assessed the state of public security in Poland. The discussion was dominated by problems connected with the work of the police. Head of the Ministry of Internal Affairs Andrzej Milczanowski asked a question, that he answered himself:

[Begin recording] What do the police—and not just the police, but other services as well—need most? Two things. The first is money; the second is a sense of stability. I realize that it isn't easy to meet either of these two conditions in the present situation. I am generally pessimistic in my assessment of how the law functions in our state. Generally, if one looks at the issue of law enforcement by the administration in the broad sense, then I would like to say that this enforcement is very much weakened. In practice, it does not exist in some fields. Happily, however, the basic services ensuring security and public order are functioning. [end recording]

Spiroiu Details Materiel Supplied to Moldova

AU0907122692 Bucharest ROMPRES in English 0837 GMT 9 Jul 92

[Text] Bucharest, ROMPRES, 9/7/1992—"There is no military involvement on Romania's behalf," Romanian minister of defence Niculae Spiroiu stated in an interview with daily COTIDIANUL specifying: "We are hurt by the fact that forty per cent of the Romanian population of Transdniestria is oppressed like in the old system, that it is submitted to this conflict, to this tragedy without being able to intervene and it would not be right for us to intervene and it is not possible. We cannot think of such a solution because this is not the pace of the times. There is this process started by the Conference for Security and Cooperation in Europe, by the Helsinki Final Act, while the meetings being held, the decisions being taken should normally lead to its settlement by diplomatic, peaceful means. But for something like that to happen we need civilised adversaries."

The Romanian minister opines that the pro-Russian media "are carrying out a genuine psychological war against Romania to discourage it". "We have supplied the Republic of Moldova with no tank, no Romanian pilot flies Bessarabia's MIG-29 planes, there is no Romanian voluntary, no Romanian councillor has been there. This is a genuine fascist-type war against Romania to discourage it and, of course, Moldova in their legitimate actions to maintain their unity," Mr. Spiroiu opines specifying that "at the Republic of Moldova's demand—also addressed to Ukraine and the Russian Federation—we have supplied it with a small quantity of infantry armament, about 2,000 submachineguns, some armoured cars for the patrolling missions as well as a very small quantity of artillery armament but in both cases there was defensive armament. This does not mean military involvement. We supplied it as much as to ensure and organise the defence of its units to be formed, but not to lead to war," the Romanian defence minister concluded.

Stolojan Reiterates Compliance With FRY Embargo

AU0807144992 Bucharest Radio Romania Network in Romanian 1000 GMT 8 Jul 92

[Text] Esteemed listeners, the following statement by the prime minister, Mr. Theodor Stolojan, has just be been faxed to us:

In the past days and especially yesterday, there have been repeated reports about the continuation of oil deliveries to Serbia via Romania, in violation of the embargo imposed by the Security Council. Such reports have continued to appear despite clear and repeated denials made by various representatives of the government, including a communique that was published yesterday by the Ministry of Transportation's Press Bureau.

We have no way of knowing the source of these false reports, which were taken over and disseminated throughout the world by big news agencies such as AFP and AP.

We do not want to go as far as to believe that this is a disinformation plot. It is obvious, however, that this is a new attempt to present Romania as the country that would eschew the fulfillment of its international obligations and to create an atmosphere to suggest that Romania is acting at variance with the international community, something that is incorrect even if observance of the embargo has serious repercussions on the Romanian economy, which is facing innumerable transition difficulties as it is.

Once again, I want to affirm the determination of the Romanian Government to ensure Romania's strict observance of the Security Council resolutions on this embargo. Our investigations into reports by the press on violations of this embargo have proved that, thus far, these reports are not justified.

To prove its goodwill, the government is ready to accept observers on behalf of the G-7 [Group of Seven] countries or any other country that has doubts about the observance of the embargo by Romania to verify, on the spot, all ports and port installations or any other facilities that may be used for the transportation of oil and oil products to Yugoslavia.

Moldova Policy Outlined at Weekly News Conference

AU0807201692 Bucharest ROMPRES in English 1746 GMT 8 Jul 92

[Text] Bucharest, ROMPRES, 8/7/1992—The spokesman for the Romanian Foreign Ministry, Traian Chebeleu, opened the weekly news conference on July 8 by referring to the evolution of the conflict in the eastern part of the Republic of Moldova. "Unfortunately the situation is no better, on a military plane, as the cease-fire continues to be violated both in the central part of the conflict area and in the town of Tighina, which clearly proves the tendency of the leaders at Tiraspol to impose by force a fait accompli policy, to get positions as favorable as possible in the field, before passing to real negotiations for a political solution", said Mr. Chebeleu. "The actions of the 14th Army have worsened the situation. The 14th Army's involvement in the military actions and the statements of his new military commander, General Lebed, have questioned the actions of the leaders of the Russian Federation for a political solution to the conflict. [no closing quotation mark as received]

As for the proposal that military forces be deployed in Moldova between the conflicting forces, Ambassador Traian Chebeleu said that the Romanian Government was favoring the idea, but as regards the composition of these forces, it is going to be accepted by the country on the territory of which they are going to station. He also mentioned that Romania had agreed that Romanian soldiers take part in the mission.

As for the questions asked by journalists, one referred to Romania's position as regards the appreciation of the Italian Minister of Foreign Affairs made during the summit of the Group of Seven, held in Munich, according to which the supervision of the observance of

the UN embargo on Serbia should also include "the pressuring of Romania", so that no access must be permitted to Yugoslavia on channels evading control. The Foreign Ministry spokesman considered the request to be ungrounded, as Romania does strictly respect the embargo of the UN Security Council on Yugoslavia. Mr. Chebeleu said that the items of news on Romania's having not applied the respective steps were rumors.

Hungarian Official Participates

LD0807200492 Budapest MTI in English 1814 GMT 8 Jul 92

[Text] Bucharest, July 8 (MTI)—Hungary would welcome open relations with Romania not only in the skies as reflected by the "open skies" treaty but on the ground as well, Hungarian foreign affairs spokesman Janos Herman said at a press conference held here by his Romanian counterpart and host, Traian Chebeleu.

In the spirit of openness, Herman said Hungary is taking a pragmatic approach to bilateral relations and seeks to grasp all concrete opportunities for developing them. This endeavour was reflected by the latest state secretarial meeting in Arad, and is mirrored by the planned opening of new border stations, Herman said.

The Hungarian side is also flexible regarding its general agreement with Romania. Both politicians repeatedly expressed that bilateral relations are particularly complex, complicated and sensitive, so appropriate attention should be paid to the common wording of the agreement underway, unhindered by any obstacle.

Hungary strictly observes the Security Council embargos imposed on Serbia and Montenegro. As far as the sanctions allow, it will make every effort to retain relations with a country to which it is connected by several bonds.

The sanctions are causing damage to both Romania and Hungary. Until now, the Hungarian damage amounted to 250 million dollars. Although Hungary has asked relevant international organizations for compensation, it can hardly expect full-scale compensation for its losses.

In the Romanian foreign affairs spokesman's view, Hungary and Romania should be able to find solutions to all issues still pending.

The two countries have adopted the same position on the issue of embargos, Chebeleu said, and the Romanian spokesman has agreed with his colleague on most issues. Neither did the spokesman see any obstacles to elaborating a general agreement.

Experts from the two countries will hold talks July 14 and 15 on opening two or three new border stations and modernizing existing ones, Chebeleu said.

Herman said the conflict along the Dniester is one of many contradictory developments to emerge in the post-communist European region. As a result, Hungary has a vested interest in the stability of the region, he said.

Due to the explosive nature of the conflict, Hungarian foreign policy holds it conceivable for an international conference to be convened involving all sides concerned, neighbouring countries, and any influential powers taking part in the CSCE process. Hungary is disquieted by the conflict and has an interest in the soonest possible settlement, Herman said.

A journalist recalled a Hungarian statement quoted frequently in Romania: Romania's road to Europe leads through Budapest. Herman said that Hungary's road to Europe partly leads through Bucharest, and Romania's road to Europe partly leads through Budapest—if both countries are heading in the same direction and there is genuine cooperation between them.

The Hungarian spokesman said he arrived in Bucharest at Chebeleu's invitation to create a direct channel, making it possible for them to prevent needless disputes stemming from sheer misunderstanding.

On Wednesday [8 July] morning, Herman held talks with Adrian Dohotaru, deputy state secretary in charge of press affairs at the Foreign Ministry, and Caius Dragomir, head of the Government's information office. He visited the Hungarian Democratic Federation of Romania in the afternoon.

Iliescu Leaves for Helsinki, Assesses Importance

AU0807155292 Bucharest ROMPRES in English 1505 GMT 8 Jul 92

[Text] Bucharest, ROMPRES, 8/7/1992—Romania's president, Ion Iliescu, left Wednesday, July 8, for Helsinki, to attend the CSCE summit to start there. The Romanian president is accompanied by Foreign Minister Adrian Nastase.

Ion Iliescu told the press before his departure that "the conference in Helsinki is one of the main political events of the year. After the Charter of Paris was signed last year, it is time now to review the evolution of the political events on the continent over this period". He added that "discussions will be centered on major issues, zones, of conflict, political solutions to conflicts representing hot areas in Europe, in which we are directly interested as Romania borders them".

President Iliescu expressed his hope that, as for bilateral ties, he would have useful contacts with representatives of other states, to tackle a number of issues with them "the situation in the Republic of Moldova, first of all.

"After the conference an official visit in Estonia, at Tallin, is planned, on which occasion a joint act will be signed, as well as a visit in Minsk, in the Republic of Byelarus, with which we have established diplomatic relations. Both parties want to enlarge bilateral relations", added the Romanian president.

Stolojan, Turkish Minister Discuss Cooperation

AU0907125792 Bucharest ROMPRES in English 0851 GMT 9 Jul 92

[Text] Bucharest, ROMPRES, 9/7/1992—Romanian Prime Minister Theodor Stolojan received Thursday, July 9, a Turkish military delegation headed by Nevzat Ayaz, Turkish defense minister, now visiting Romania on an invitation of his Romanian counterpart Niculae Spiroiu.

During the interview the participants reasserted the desire for cooperation between Romania and Turkey, Premier Stolojan underscored the fact that bilateral relations had every favorable condition to develop as there are no disputes between the two countries.

At the end of the interview Romanian Defense Minister Spiroiu pointed out that two cooperation agreements between the two Armed Forces were going to be signed during the day.

Defense Minister Sees Army as Source of Stability

AU0807143092 Bucharest ROMPRES in English 1057 GMT 8 Jul 92

[Quotation marks as received]

[Text] Bucharest, ROMPRES 8/7/1992—"We are currently the most solid Army of all the countries around us," states in an interview with daily COTIDIANUL Niculae Spiroiu, Romanian minister of national defence, mentioning that something essential contributed to that: For over 30 years Romania did not have an officer trained outside the country's frontier—meaning by the Russians, of course. While the Armies around us were trained in the USSR, the minister said, we made Romanian military education, that preserved a certain tradition thanks to the professors that come from among war veterans."

The Romanian minister opines that "especially in this period of transition toward democracy, the role of the Army should be that of a stabilization body, of a mainstay of the society's stability, assuring the society it is apt to fulfill its missions established under the Constitution, namely to ensure the constitutional democracy. This means that, under the plan of collaboration endorsed by the Supreme Defence Council of the country, we can contribute to strengthening the bodies empowered by the law, hence the order-keeping forces in maintaining this order, protecting the state institutions in situations of destabilization, in situations when they are attacked, situations that might often turn against the fundamental bodies of the state. Which would mean in fact some kind of a coup d'etat, the minister said. "However, in such situations," N. Spiroiu concludes, "the Army will not shoot. We already have an experience, think of September 1991 when the miners came. The Army then took action in the second echelon, without ammunition, hence without shooting, its main mission being to deter by numbers and physical force. That's all."

Opposition Leader Stresses Need for Reconciliation

AU0807195392 Bucharest ROMANIA LIBERA in Romanian 30 Jun 92 p 6

[Interview with Corneliu Coposu, president of the National Peasant Christian Democratic Party, by Roxana Iordache; place and date not given: "Only the Truth Will Make Conciliation Possible"]

[Text] [Iordache] Mr. President, in your view, what are the possibilities for genuine reconciliation?

[Coposu] Undoubtedly, one of the main objectives faced by all responsible political leaders in Romania is the achievement of national reconciliation. This reconciliation, which is desirable, which we have supported all the time, and which has to be the foundation of establishing the future state of law in Romania, has to be preceded by the cessation of the domination of lies that has spread through the ruling bodies in the past two and a half years, that is, since the revolution. The Romanian public has to learn the truth—the truth that, so far, has been skilifully hidden. The public has to know everything about all recent manipulations and frame-ups causing confrontations between social, ethnic, and confessional categories in our country. To accomplish this conciliation, first and foremost we have to eliminate lies and establish transparency and truth.

Second, our independent justice has to carefully select those who are guilty in the country's communist disaster. Judicial bodies are the only ones entitled to uncover those who are guilty. All those who are guilty of serious abuses and crimes against the population have to be prosecuted. After this prosecution, the public will be sure that we have begun to build a state of law that should, undoubtedly, be based on the complete restoration of all rights that were violated by the dictatorship. One cannot conceive of a state of law without due reparations to all those whose freedoms were curtailed and whose property was affected by the regime of oppression that spread throughout Romania and dominated the Romanian society for 43 years. Certainly, once public opinion is convinced that those who were guilty of crimes and abuses will be punished, the reconciliation work can begin. First, we have to exactly clarify the situation of former party members for whom post-revolutionary Romanian society has no reproach. They have to be viewed as honest citizens of our country; the justification of their adherence as dues-paying members of a political party that terrorized Romanian public opinion should not be reason for reproaching and accusing those who, constrained by personal, professional, or family circumstances, accepted that red party membership card. Therefore, these people have to overcome their fears and fight the intimidation they experienced because of skillful propaganda by the disinformation department, thus trying to achieve solidarity between so-called party members and those guilty of crimes and of our national disaster. Once this clarification is achieved, the former Communist Party members will be able to consider

themselves honorable citizens of our country who are integrated into Romanian society and in our policy. We have opened the door to former party members who were not guilty of crimes, we have integrated them into our party, and we have even given some of them leading positions. This conciliation of Romanian society, which—as I said— has to be preceded by complete transparency and the selection of the guilty ones in order to counteract general culpability, has to be achieved without delay. In harmony, we have to try to restore cooperation within the Romanian society; we have to improve relations with the minority population by completely stopping interconfessional and interethnic instigations between social categories. Hand in hand, all of society has to contribute to normalizing the situation.

No matter how painful these stages are, we have to get beyond them without delay and, immediately after the general elections, we have to begin our national reconciliation work, which is needed by Romanian society to begin our economic restructuring and embark on the road to our social and economic progress.

[Iordache] Does national reconciliation depend on the result of the elections?

[Coposu] Undoubtedly, it is not the same thing if this reconciliation is organized by and proceeds under the guidance of certain people who do not enjoy any credibility and against whom the majority of the public holds an obvious hostility or if this reconciliation is promoted under the aegis of people appointed by popular option as genuine representatives of the Romanian society. This is why I linked the post-electoral period with the need and urgency to begin this national reconciliation work.

[Iordache] Could the presidency play a role in this national reconciliation?

[Coposu] This depends to a great extent on the one who is to represent that institution. It is absolutely necessary for the presidency to be represented by someone who enjoys the credibility, sympathy, and support of public opinion. As long as the restoration of the presidency is not taking place, it is very difficult to visualize the opening of the national reconciliation campaign. I believe that the decisive factor that will ensure credibility abroad, trust at home, and an absolute guarantee for national reconciliation would be the presence of his majesty the king, around whom the new forms of organizing the fortress could crystallize as could the prospects for the integration of the European civilization.

Croat, Bosnian Statement on 'Common Interests'

LD0907094992 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 9 Jul 92

[Text] President of the Republic of Croatia Franjo Tudjman and Presidency President of the Republic of Bosnia-Hercegovina Alija Izetbegovic met in Helsinki yesterday, in accordance with an earlier expressed wish and in particular with the statement of 15 June. Foreign Ministers Zdenko Skrabalo and Haris Silajdzic were also present at the talks. After the meeting, the presidents issued a joint statement, which states in the beginning that because both countries have recognized each other, diplomatic relations at embassy level will be established as soon as possible.

It was also decided that representatives of the two governments should meet soon to discuss current topical questions of interst to both countries. In their statement, Presidents Tudjman and Izetbegovic also stressed that the Serbian and Montenegrin forces have launched a fresh offensive on the territory of Bosnia-Hercegovina, in Bosanska Posavina, near the border with the Republic of Croatia. At the same time, the areas of the Republic of Croatia between Slavonski Brod and Zupanja have been constantly under attack.

All this has been happening at the time when the attention of the entire world public has been focused on events in Sarajevo, where attempts have been made to establish an effective airlift and a land corridor for supplying humanitarian aid to the suffering population of this town. Because of the genuine concern for the lives and the survival of the inhabitants of Sarajevo, brutal aggression in other parts of Bosnia-Hercegovina and the operations of ethnic cleansing of the territory committed by the aggressor have been allowed to continue unpunished.

In view of this, the Republic of Bosnia-Hercegovina and the Republic of Croatia have common interests in the defense of their independence and territorial integrity from the Serbian and Montenegrin aggression. Both presidents have agreed that this common interest should be implemented with efforts and devices foreseen by the UN Charter and which constitute the basis of the CSCE documents.

Among other things, the statement says that the Republic of Bosnia-Hercegovina appreciates the efforts of the international community and the Republic of Croatia to offer help, and in particular, the reception and care for the refugees, citizens of Bosnia-Hercegovina.

Once again both presidents stress the commitment of their countries to the principle that after the end of the war on the territory of Bosnia-Hercegovina, this country should be formed in a democratic way, on the basis of equality of the three constitutive nations of Bosnia-Hercegovina.

Serb Leaders Protest to EC on Trebinje Attack

LD0907065692 Belgrade TANJUG in English 2357 GMT 8 Jul 92

[Text] Herceg Novi, July 8 (TANJUG)—Representatives of the Serb republic of Bosnia-Hercegovina handed Wednesday [8 July] a protest to the European Community (EC) observers against the latest act of aggression by the Republic of Croatia troops on the area of the town of Trebinje, situated in the one-time Yugoslavia's central republic of Bosnia-Hercegovina.

As a proof of this act of aggression having been planned beforehand, also shown during the meeting at the seat of the EC team of observers at the town of Igalo, the Republic of Montenegro, southwestern Yugoslavia, was the original order to attack issued to the Republic of Croatia's regular units.

The "order" was typed on six pages as early as on June 30 and the attack at the hands of the Croatian Army's four brigades, warplanes and heavy artillery was ordered on July 5 and 6 from the area of Croatia's town of Dubrovnik. The attack targets were the village of Ivanica and the rest of Serb-populated villages in the area of Trebinje, bordering on Croatia.

This original document was found with a killed Croatian Army officer.

The town of Trebinje is the political centre of eastern Hercegovina in which Serbs predominantly live.

For the past month of days now, the area of Trebinje has been exposed to repeated attacks by the Croatian Army's regular units. The town itself has undergone heavy damage of destruction from the Croatian artillery shelling from the direction of Dubrovnik, a medieval walled city, and Croatian warplanes have raided it twice so far.

Added to the protest was a demand to the EC observers to visit Trebinje and see for themselves the effects of the latest attacks on it. Also proposed was that an EC team be kept stationed at Trebinje.

In the civil war being fought in Bosnia-Hercegovina, the Croatian Army regular units are taking part on the side of the Moslem-Croatian coalition against Serbs for already three months now.

Aid Distribution Continues Despite Shooting

LD0807131492 Zagreb Radio Croatia Network in Serbo-Croatian 1205 GMT 8 Jul 92

[Text] In spite of the constant shooting, UN convoys are continuously transporting aid from Sarajevo airport to the embattled parts of the city where fighting is still going on.

After a very difficult night, things are relatively peaceful this morning. UN spokesman in Sarajevo Fred Eckhard

stated. He added that several convoys carrying international aid in the form of food and medicines are heading for various municipalities.

The air bridge is functioning without any problems and there are more flights each day. Eckhard also stated that UN representatives have had no success in persuading combatants to withdraw their arms in Dobrinja, where fierce battles have been going on last night.

Sarajevo 'Relatively Quiet' After 'Fierce Barrage'

LD0907085192 Belgrade TANJUG Domestic Service in Serbo-Croatian 0648 GMT 9 Jul 92

[Text] Sarajevo, 9 Jul (TANJUG)—The people of Sarajevo have experienced yet another night of hell. Shortly before midnight, the warring sides opened a fierce barrage of fire from infantry weapons throughout the city. The intensity of infantry battles decreased just before dawn. The morning has been relatively quiet.

Meanwhile, 16 planes with around 160 tons of food and medicine are expected to land at Sarajevo airport today. The city has so far received about 1,500 tons of humanitarian aid by both air and land.

Artillery Battles Reported in Central Bosnia

LD0907102692 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 9 Jul 92

[Report by correspondent Vladimir Juric from central Bosnia]

[Text] Following a peaceful day yesterday, the overnight situation in the Teslic-Komusina battle front was marked by fierce artillery duels. In the early hours of the morning, the chetniks opened tank and mortar fire from the direction of Vrucica at Komusina, Studenci, and Kamenica. The Komusina-Teslic Croatian Defense Council [HVO] did not respond to the initial artillery attacks. However, as the attacks intensified, the HVO returned fire from its artillery weapons. Artillery duels have been going on since the early hours of the morning. Dozens of projectiles have caused considerable damage. Not a single defender has been wounded.

In the areas of Maglaj, Tesanj, Zavidovici, and Zepce, the night passed peacefully. Fierce fighting raged yesterday and overnight in the area of Turbe. For several days, the chetniks have been attempting an infantry breakthrough of the defense lines. Yesterday, a strong infantry force attacked the defenders from the direction of Vocnjak. Members of the territorial defense and the HVO succeeded in repelling all the attacks. In an attack of outrage the aggressor pounded Turbe for over 12 hours in response. The town was hit by over (?55) projectiles from all types of artillery weapons at the disposal of the chetniks deployed on Mt. Vlasic.

As on previous several days, the population of Zenica is again in shelters this morning after an air alert was sounded.

Izetbegovic War Declaration To Intensify Crisis

92BA1129A Belgrade POLITIKA in Serbo-Croatian 20 Jun 92 p 5

[Article by Dr. A.P.: "The Cynical Rejection of the Role of Lord Carrington and of the EC and the Declaration of War Until Final Victory in Bosnia-Hercegovina Could Have Unforeseen Consequences for the Balkans and Even All of Europe"]

[Text] The open declaration of war to "the final victory," and the rejection of the very thought of respecting some sort of a cease-fire before dictating conditions for the future of Bosnia-Hercegovina, made Alija Izetbegovic the person most responsible, at this moment, for the further deepening of the crisis and the war's destruction.

It cannot be denied anymore, even with the unquestionable fact that all sides are to be blamed for the gloomy war that made this prematurely proclaimed independent state to go up in flames. In this state, Mr. Izetbegovic—can it be forgotten?—is only the president of a collective body that acts exclusively based on the principle of orderly change at the top, and based on a proportionate representation from all three nationalities.

Certainly, all are to be blamed, destruction is heavy, and the genocidal exaggeration is typical of a civil war. And yet Mr. Izetbegovic's announcement that he is not even accepting the role of Lord Carrington anymore, nor the negotiations with the EC officials as mediators, expresses a determination that leads only to a dangerous continuation of the war and to a deepening of the crisis.

Encouraged by the negative image of the Serbs, and by an inaccurate image of the real dimensions of the Serbian and Yugoslav involvement and responsibility in Bosnia-Hercegovina, Mr. Izetbegovic now, sadly, views everything over the barrel of the gun. The decision for a military alliance comes down to Izetbegovic getting support from Paraga and the official Croatian military groups in this civil war against Serbs, and it speaks for itself. This decision, followed only a few days after a contemptuous statement by the present coordinator of the collective chief of the tripartite state of Bosnia-Hercegovina, in which he says that "never again will there be any talks about ethnic maps." Let bygones be bygones. Now, it is a sacred Islamic war, a Jihad, true, under a completely unconvincing disguise of a "fight against Serbian aggression," and a so-called fight for equal rights for all citizens. Even if we do not give too much meaning to the writing of PREPOROD, a newspaper of the Islamic Community and of Izetbegovic's SDA (Party of Democratic Action), i.e., "praise Allah," "if you have faith in Allah, and survive, you will be the victor," there are other, more serious signs that tell us what is really going on in Bosnia-Hercegovina.

They are relying heavily on the plan under which everyone would unconditionally lay down their arms in front of Mr. Izetbegovic's government. Serbs, thus, have to reconcile themselves, in advance, with the fact that

they will have to live in a country organized as the first Islamic state in Europe with the largest of the three minorities, the Muslim minority, imposing only their one-sided will on the others. There is no word of the organization of a tripartite based on the fact that this is a state in which no group of people constitutes a majority, not even the Muslims. All of them, together, represent a country in which all three constituent peoples must be, even according to the constitution from Tito's time, fully represented. Thus, the governing bodies are also being automatically formed. As a result, they are being formed so that they represent the real will of all the people. This Mr. Izetbegovic casually ignores.

The political-legal illusions that Bosnia-Hercegovina somehow is not at all organized as a state of all three constituent peoples but rather as a classical citizen republic, such as in France, is in vain. In the preamble of the present constitution, which was only created for Bosnia-Hercegovina as one of the republics of the SFRY [Socialist Federal Republic of Yugoslavia], it is clear that this state is constituted on a tripartite basis. Thus, it cannot even be envisaged that someone organizes such a significant referendum about independence and even secession from the mutual state (SFRY) without consulting the three ethnic communities. When would the tripartite nature of the state of Bosnia-Hercegovina have to be expressed at all, unless we are talking about a referendum on creation of a separate state and secession from Yugoslavia?

Mr. Izetbegovic cynically avoided all of this. After all, we are talking about a man who was one of only a very few individuals in Tito's Yugoslavia, inclined toward the creation of a Muslim nation, and who spent long years in prison for being a fanatic supporter, to put it mildly, of an Islamic and not a common state in Bosnia-Hercegovina.

One could perhaps even forget this if Mr. Izetbegovic did not decide now, after everything, to take such a dangerous step further. He is advocating the policy of fait accompli and imposing his one-sided will on the Serbs with the help of Paraga and Tudjman, i.e., foreign, military troops. Scared of the loud and long-awaited readiness of Bosnian Serbs to accept and offer a cease-fire, as well as the clearing of the Sarajevo airport, and the fulfilling of all the major demands of the UN, Mr. Izetbegovic has now started to encourage foreign military intervention. This is precisely the message that the various signals, loud statements, and announcements are addressing.

If he would succeed in, more or less directly, encouraging the first European Jihad since Turkish occupation and oppression in these parts, Mr. Izetbegovic would expose this part of the world to an enormous risk. The ghost of the escalation of war would appear over the entire Balkan region, and even further. This is what many in Bulgaria are thinking about, loudly and certainly not without reason. They, too, would not have a place in an Islamic state should it spread over them, nor is there any evidence that they are prepared for a parallel life, and friendly coexistence, with neighboring Slavs and their traditions.

We are very concerned that the international community might not realize in time all the possible dangers of the present "sacred war" for which such detailed instructions are given in the newspapers close to Mr. Izetbegovic. More than ever before the coals of war have been fanned by his lack of readiness for tripartite negotiations in cooperation with, and under the auspices of, international institutions. Now that the hoax and deceptiveness have vanished and the naked truth is appearing. The Serbs in Bosnia-Hercegovina, since it became an independent state, are being prevented from organizing even their own entity in the spirit of the past, and are also being excluded from any future constitutions. The call has been issued for a total war "to final victory" and in the name of some alleged legitimate Muslim minority in Bosnia-Hercegovina.

This is a very risky road no matter how much Mr. Izetbegovic covers himself with the legal slogan of "citizens' republic" which, according to him, has not at all been constituted on the principle of parallel existence and life of the three traditionally peace-loving peoples of Bosnia-Hercegovina.

Tudjman on FRY Exclusion From CSCE Summit

LD0807131392 Helsinki Suomen Yleisradio Network in Finnish 1200 GMT 8 Jul 92

[Excerpt] Croatian President Franjo Tudjman says he is pleased with the decision of the CSCE Committee of Officials to exclude Yugoslavia from the Helsinki CSCE summit. Tudjman, who arrived in Helsinki at midday, emphasized the readiness of his country to negotiate to stop the wars raging in the area of the former Yugoslavia. Tudjman denied information that Croatia was planning to support the independence aspirations of the Croat population of Bosnia-Hercegovina. [passage omitted]

Serb Leader Says People Must Decide on Authority

LD0807225192 Belgrade TANJUG in English 2200 GMT 8 Jul 92

[Text] Knin, July 8 (TANJUG)—Defense Minister of the republic of Serbian Krajina (RSK) Stojan Spanovic stated on Wednesday [8 July] that the local population must decide whether the authority of the Republic of Croatia would be established in the so-called pink zones, now controlled by the U.N. peace-keepers together with the RSK militia.

Croatian authority can come to these parts only in the event the people accepted this, said Spanovic.

Whether this would happen and when remained to be seen, said Spanovic. However, he did not rule out this possibility, on condition the people gain confidence in the Croatian authorities.

The so-called pink zones, where Serbs make up 80 percent of the population, are areas in which the deployment of U.N. peace force was not envisaged to take place. They were situated on border areas of the RSK, which was under UNPROFOR [UN Protection Force] protection.

The RSK was formed last year in the areas within the administrative borders of Croatia, where Serbs are the majority population, in response to the Croatian secession from Yugoslavia and the reduction of Serbs to the status of a national minority.

The RSK was included in the U.N. peace plan so as to prevent armed clashes between local Serbs and the Croatian army. UNPROFOR members were now taking over full responsibility in this region.

At this time, Spanovic added, it was most important to secure peace and seek solutions through negotiations.

Serbs Question Legality of Parliamentary Elections

LD0807142692 Belgrade TANJUG in English 1015 GMT 8 Jul 92

[Text] Zagreb, July 8 (TANJUG)—The Serb Democratic Forum (SDF), an association of Serbs in Croatia, has said that the legality of the forthcoming parliamentary elections in this breakaway Yugoslav republic will be jeopardized by the inability of most Serbs to exercise their right to vote.

Serbs make up 12.5 per cent of the overall population of Croatia, where they were a nation until the assumption to power in April 1990 of the Croatian Democratic Union (HDZ), when their status was reduced to that of a national minority and the HDZ launched its campaign to break Croatia off from Yugoslavia.

This provoked an armed conflict between the Serbs and the Croatian authorities which began in the spring of 1991 and has not subsided completely, in spite of the deployment in Serb-populated areas of U.N. peacekeepers.

The SDF said numerous Serbs would not be able to exercise their right to vote at the August 2 elections, partly because they had "fled from their homes or been expelled from them," and also because of deliberately slow and often irregular procedures in the issuing of documents proving Croatian citizenship.

All this makes the legality of the elections questionable, the SDF said.

The opposition Serb National Party (SNS), which was regarded as loyal to the Croatian authorities, last Tuesday warned that Serbs were finding it difficult to get Croatian citizenship and that they did not enjoy equal rights to vote, which, the SNS said, could very easily mean that the Croatian parliament could once again end up without representatives of the Serbs.

According to the Belgrade daily POLITIKA, Croatia's opposition parties last week protested over the election rules under which the Croatian president and parliamentary deputies will be elected by simple majority of those who cast their ballots on August 2, without a second-round run-off.

Commission Announces Presidential Candidates

LD0707192292 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 7 Jul 92

[Excerpt] The electoral commission of the Republic of Croatia today made public a list of candidates for president of the Republic. The list contains Drazen Budisa, Dr. Ivan Cesar, Dr. Savka Dapcevic-Kucar, Silvije Degen, Dobroslav Paraga, Dr. Franjo Tudjman, Dr. Marko Veselica, and Dr. Antun Vujic. The complete state register [nositelj] of political parties and their leaders has also been made public. [passage omitted]

Split Reported in Croatian Party of Rights

AU0707173192 Zagreb NOVI VJESNIK in Serbo-Croatian 27 Jun 92 p 9

[Andrea Latinovic report: "Another Party of Rights Formed"]

[Text] Zagreb—"There has been a definite split in the Croatian Party of Rights [HSP], which was founded on 25 February 1990," states a note that has been delivered to information services by Kresimir Pavelic, a former member of the party.

Pavelic claims that "the split has occurred in the leadership of the party between democratic forces and undemocratic ones, which are inclined toward the privatization of the party, political destruction, envy and even violence as a means of usurping Croatian state property (Starcicev dom) which has compromised the HSP as such, and the rights movement in general."

Because of the said reasons, "the democratic part of the leadership and a considerable part of the membership have decided to leave the HSP and create the Croatian Party of Rights—Dr. Ante Starcevic." The inaugural assembly of the new rights party was held on 20 June in a "nonpublic place for security reasons," Pavelic said. The constitution and manifesto of the new party were adopted by the assembly, and it also elected the Presidency of the party (12 members), the Central Committee (37 members), the Supervising Committee, Court of Honor, and treasurer.

The principal leadership was elected by secret ballot—Kresimir Pavelic, president, Mate Cavar and Zvonimir Jan, vice presidents, and Zvonimir Rasan, secretary. The temporary headquarters of the party will be in Zagreb, in Ljubiciceva 4, until the authorized body of the city assembly provides it with adequate premises. The party has also submitted an application for entry in the register of political parties and organizations. In their own words, "we are expecting a positive decision soon."

What does Dobroslav Paraga, president of the HSP, who lays claims on the original Starcevic's philosophy and heritage, have to say about the new party of rights? Let us remember that Paraga and Pavelic have recently had a public dispute, accusing each other of financial and other improprieties. The answer from Paraga's party was not long in coming. Ante Djapic, vice president of the HSP, spoke out on the behalf of his party. Djapic stressed that "there has been no split in the HSP. If anything, it is stronger and better organized than ever, both in the homeland and in Diaspora." According to Djapic, "all the HSP forces are turned to the imposed war in Bosnia-Hercegovina and the imposed elections in Croatia."

Djapic called Pavelic's party an "anonymous group," and said that Pavelic "has left the HSP by his own written statement to the effect that he is leaving because of health reasons and modest intellectual abilities." Djapic went even further by calling the publishing of the announcement of the formation of the new rights party "another abuse of the media by the Croatian authorities in their persecution of the HSP." "On the very first day upon announcing the elections, the ruling party has shown that it will not hesitate to use any means in its desperate struggle to stay in power. In expectation of further similar moves by the new democratic authorities, we hail all state-making parties, and call on them to fight till the end for the fulfillment of the rights' program and the establishment of the independent state of Croatia," Djapic said.

It appears that new "hot" plots can be expected in the (un)divided rights' ranks, which have been very intriguing for the Croatian public.

International

Diplomats View CSCE Decision as Punishment

LD0807175592 Belgrade TANJUG in English 1646 GMT 8 Jul 92

[Text] Belgrade, July 8 (TANJUG)—Yugoslav diplomatic circles on Wednesday [8 July] said the decision of the CSCE (Conference on Security and Cooperation in Europe) Committee of Senior Officials to suspend the Yugoslav delegation from the CSCE activities for the next 100 days meant that the Yugoslav state was being punished in advance and denied the possibility of a dialogue with other countries within the process of European cooperation.

The same circles told TANJUG that the actual purpose of the decision taken in Helsinki—which they said had no ground in international law and was imposed by individual influential countries—was to put pressure on other international organizations, above all the United Nations, to follow the CSCE's example and deprive Yugoslavia of membership.

The decision of the CSCE committee is profoundly unjust and wrong and is absolutely discrepant with the goals of the CSCE, which is a process of international cooperation and security and not an international tribunal for the imposition of the narrow interests and the will of individual countries, the Yugoslav diplomatic circles said.

The above makes all the more justified the earlier decision of the Yugoslav Government not to send a delegation to the upcoming CSCE summit and not to participate in the other CSCE activities until the attitude towards Yugoslavia changes, the same circles said.

CSCE Envoy Comments on Decision

AU0807155092 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 Jul 92

[Text] Vladimir Pavicevic, head of the Federal Republic of Yugoslavia [FRY] delegation to the session of the CSCE senior officials' committee, has offered the first commentary to Belgrade Radio:

[Begin Pavicevic recording] I think [changes mind] considering the fact that they wanted to expel us and that there was a complete consensus, except for Russia—I think that there is no doubt about that—this is nevertheless a change, an outcome considerably more favorable for us. I think that the election of Panic as prime minister designate was crucial, and particularly his letter in which he asked the CSCE to help him and not make an already difficult situation even more so for him. Besides, CSCE members are familiar with his stand on the war and about the (?transformation), and we have also told them about constitutional amendments that will be passed by the end of the year and elections at all levels in our country.

Certainly, all these things together and in particular, as I said, this letter that was received the day before yesterday had an influence and resulted in a different decision. I think this decision gives us a chance to elaborate on these things. One hundred days is not much. A lot can be done in 100 days and intentions slowly turn into deeds, so that we can continue our work in the CSCE and [word indistinct] organizations as Yugoslavia. [end recording]

Federal

President, Bosnian Serbs Support Cease-Fire

LD0807200592 Belgrade TANJUG Domestic Service in Serbo-Croatian 1918 GMT 8 Jul 92

[Text] Belgrade, 8 July (TANJUG)—The president's office announced this evening that Dobrica Cosic, president of the Federal Republic of Yugoslavia, held talks in Belgrade today with Dr. Radovan Karadzic, president of the Presidency of the Serbian republic of Bosnia-Hercegovina; Presidency member Dr. Nikola Koljevic; and Momcilo Krajisnik, president of the assembly of the republic.

A statement on the talks says:

"The talks that President Dobrica Cosic of the Federal Republic of Yugoslavia held with the leaders of the Serbian people of Bosnia-Hercegovina—Radovan Karadzic, Nikola Koljevic, and Momcilo Krajisnik—which took place at their demand, focused on the comprehensive examination of their shared responsibilities stemming from provisions of UN Security Council Resolutions 752 and 757.

"Stress was laid on the firm determination of the Federal Republic of Yugoslavia and the leadership of the Serbian people in Bosnia-Hercegovina for an immediate and unconditional cease-fire. They particularly expressed the need to establish a lasting cease-fire in the wider region of the city of Sarajevo.

"The two sides fully agreed that it is necessary to continue urgently and unconditionally with the work of the conference on Bosnia-Hercegovina under the auspices of the EC, on the basis of its results achieved so far and an agreement of its three constitutive nations.

"Both sides were convinced that the international community, primarily the UN Security Council, the EC, and the CSCE, should exercise the pressure necessary to halt the civil war in Bosnia-Hercegovina on the Croatian and Muslim side.

"The talks were attended by Dr. Svetozar Stojanovic, special advisor to the Republican President, and by cabinet chief Ivan Mrkic," the statement issued by the FRY president's office concludes.

Military Alliance of Bosnia, Croatia Discussed

92BA1129C Belgrade BORBA in Serbo-Croatian 20-21 Jun 92 p 3

[Article by Konstantin Obradovic: "The Basic Problem of Serbia and Montenegro, i.e., the Federal Republic of Yugoslavia, Is That the International Community, Embodied in the Security Council, Is Convinced That Our Authorities Decided To Solve Our National Interests by Resorting to the Force of Weapons; It Is Totally Irrelevant Whether This Conviction Is Justified or Not: What Is Important Is That It Exists"]

[Text] When we read the news coming out of the newly formed states of Croatia and Bosnia-Hercegovina, who are new members of the UN, one really has to wonder whether the people who are in power there, and not only them, have any understanding of the international community which admitted them to its membership. The news about the possible signing of a military agreement between Croatia and Bosnia-Hercegovina with the purpose of "defending themselves from Serbian aggression" makes us wonder.

At first sight, and for the laymen—I mean, by this, to those who do not know and understand the modern international community and the laws that govern it—this does not appear as unusual: The people who are attacked consider themselves the "victims of aggression," they defend themselves, join forces, and prepare—and why not?—to "declare war" on the aggressor in the nice, old, usual manner. However, if the laymen think this way, the politicians who determine the fate of a country should not be thinking like this. Or, are they really just "dilettante politicians" as Tudjman and Izetbegovic have been classified in competent circles of the European Community in Brussels? However, the news item that brought forth their classification (BORBA 18 June p 15) did not fully and completely explain how the classification came about. While such classification is appropriate, perhaps it needs to be explained in more detail.

Nothing by Force

First the basics; efforts made literally by all international factors, from the EC, the CSCE, to the Security Council, regarding the territory of the former Yugoslavia, from the time of the "Brioni declaration" to Resolution 758, the latest resolutions from the Security Council have so far been aimed at stopping the use of force. In other words, the message of the world to all of us here, without any differentiation, has been to do what you want, unify or part, accept the existing borders or change them, do whatever you desire, but without the use of weapons and war; do it only through negotiations.

The use of force represents a totally intolerable means of solving conflicts, and, further, threatening with force is also absolutely forbidden—except in two precisely determined cases—this is the essence of the so-called "new world order." And, this new world order is not at all something new. This is an attempt to, finally, after almost half a century, activate a system for maintaining international peace and security, in the way it was set forth in the UN charter, and, also, to totally activate the concept of establishing an international community under a "world constitution." In a bipolar world, divided into blocks, this was not possible. In such a world, someone always used weapons, hidden behind its patron, behind this or that superpower, even the USSR and the United States did it. Now that one center of power has been created, and since this center is rich and powerful, force is not needed any longer and the powerful center has decided to prevent the use of force. For various reasons, one of them being that they can now realize their interests without force, and also because the use of power is such a dangerous means. If anyone today manages to realize his political, national, or any other kind of goal by force, such as through the use of weapons, even if the goal is justified, this could be contagious, especially for new-old political elites throughout this postcommunist world. And even then nuclear missiles might be launched in the name of some Nagorno-Karabakh, Crimea, or who knows what, and then you would have universal chaos. But, this would not be allowed, especially since the international law fits very conveniently into the whole framework. Its basic goal is not, as it used to be, the protection of the individual interests of one single state but, now, it is a general interest, one that spells out peace and security for all. And, only after this uppermost value in the whole hierarchy of values is protected and secured by international law, then the protection of others—the interests of other countries, peoples and their right of self-determination, civil rights, etc.—will be protected. Every law student should know this; if he does not, he has failed the exam. And, if those people who run a country do not know this, then they and their countries could be faced with very unpleasant consequences.

The Threat to Peace Is Not Aggression

This is, after all, the basic problem of Serbia and Montenegro, the FRY [Federal Republic of Yugoslavia]. The international community, personified by the Security Council, is convinced that our authorities have decided to realize our national interests by resorting to the force of weapons. It is totally irrelevant whether this conviction is justified or not; what is important is that it exists. Because, after all in politics, and let us also add unfortunately, what matters is not what is but what the majority thinks it is. In order to loosen and take off the noose that was put on us by Resolution 757 of the Security Council, it is essential that this conviction be changed. In short, the world does not care whether the regime in Belgrade will fall, whether the Serbian thing is right or not, what is true and what is not true. The essential thing is to change our policy so that, on the basis of this new policy, the world will be convinced that we have given up a policy of force. Just that, and nothing else.

Now that Croatia and Bosnia-Hercegovina are forming a "defense alliance" against the "aggressor," it is obvious that the people who are leading these countries do not understand any of this, nor have they, especially Croatia, gotten the message sent by the Security Council. Because, first of all, Serbia and Montenegro, that is, the FRY, have not been proclaimed as aggressors. The last paragraph of the preamble to Resolution 757 states very precisely that "the situation in Bosnia-Hercegovina and in other parts of the former SFRY [Socialist Federal Republic of Yugoslavia] poses no threat to international peace and security." Although certain measures invoked against the FRY were taken on the basis of Chapter VII, Article 39, which establishes legal grounds for undertaking force, this article precisely describes three types of situations when such measures would be justified. They are: a threat to peace, breaking the peace, and aggression. When choosing a classification, the Security Council did not randomly choose one based on the above-mentioned situations, because it did not want to classify the FRY as an aggressor. And, rightfully so, because other paragraphs in the preamble clearly state that there has been interference by others, even Croatia, after all of the sides had been requested to stop interfering in the inner affairs of Bosnia-Hercegovina, and to stop using force. In such a situation, it does not appear very wise to sign an alliance against the "aggressor."

The last report by Butrus Butrus-Ghali explicitly speaks of considerable Croatian interference, and about the presence of Croatian troops in western Hercegovina, and that Resolution 758 accepts, in its entirety, the report of the secretary general. If, to all this, we add the statement by the Italian Minister for Foreign Affairs, Gianni de Michelis, that Croatia could also come under the sanctions if it does not stop interfering in Bosnian affairs, and if it does not withdraw its troops, then signing some sort of an "alliance" between Croatia and Bosnia-Hercegovina in order to possibly justify the presence of Croatian troops on the territory of another sovereign state as "alliance" troops cannot be easily accepted as an explanation.

Finally, one must not forget that aggressive war was renounced long ago with the Briand-Kellogg Pact in 1929, which means that even before the Charter, "declaring war" on someone was unacceptable. I just mentioned that the Charter identifies two exceptions that absolutely forbid the use of force. These are, an action of the Security Council according to the Article 42 (when talking about military force), and an action taken in accordance with Article 51, which means the right of "an individual or collective self-defense in the case of an aggression." The latter is, however, conditional, and as the resolution precisely states "only until the Security Council takes measures for maintaining international peace and security." Since the Council has already undertaken such measures due to the threat to peace on the territory of the former SFRY, and by doing so, has taken over the responsibility of protecting peace in this area, a military action outside the authority of the Security Council is out of the question. I also believe that some sort of military intervention for freeing the Sarajevo airport is not possible either, without an explicit approval of the Council, let alone the forming of an alliance such as the "Croatian-Bosnian" force against the "Serbian aggressor," which, after all, has not been classified as such.

And, finally, should the Serbian side in Bosnia break the cease-fire, a cease-fire involving all parties and which since 5 June has been maintained by the UN, then the troops of Mr. Izetbegovic's government, which by the way is the only legal government on the territory of Bosnian recognized by the UN, are the only troops that could answer to such an attack. With an "alliance" or without it, participation of Croatian troops in ensuing battles, if continued, would be qualified by the Security Council as a breach of international law, and the Council could, based on Chapter VII, apply measures against Croatia when it thinks it necessary. This is why the EC qualifies the whole idea as an act of "political dilettantes" and, one must say, such a classification is entirely accurate.

Serbia

Premier Addresses Assembly on Economic Policy

AU0807154592 Belgrade Radio Beograd Network in Serbo-Croatian 0831 GMT 8 Jul 92

[Speech by Serbian Prime Minister Radoman Bozovic in the Serbian Assembly in Belgrade—live; broadcast in progress]

[Text] ...the introduction of the system of allowing price changes, which has placed about 52 percent of all prices under direct or indirect control. Four, the provision of criteria for setting aggregate incomes on the basis of the price for unskilled work. And, five, the exchange of old for new money together with denomination and a change in the exchange rate, and appropriate changes in the value of all other currencies.

The measures to reduce the budget deficit and slow the pace of increase in the money supply represent the basis of the program. The application of these measures will have to continue even after the lifting of the UN sanctions. The price and incomes policies represent the necessary support to the control of the budget and money circulation. The intensity of their further application will depend on future developments.

In the first five months of 1992, about 220 billion dinars, or 45 billion dinars a month, were issued to finance the budget, above all, the federal budget. In the period July-September of 1992 we envisage a budget deficit of 196 billion dinars, or 65 billion a month. Since prices have risen more than 10-fold since the beginning of the year, the expected deficit will be 90 percent smaller in real terms in relation to the first five months of this year.

The projected public expenditure is lower in real terms than the public expenditure has been up to now. This is a result of the anticipated fall in the gross national product [drustveni proizvod]. Objectively speaking this is inevitable. Regarding the method of financing public expenditure itself, finances must come from real sources, that is to say, from taxation, and not from indirect taxation and printing money, via inflation, which is currently the most unjust method of taxation. This method of taxation via printing money and inflation, in addition to relatively and in real terms affecting the poor citizens, creates chaos in the economy, reduces the gross national product even further, and activates the recurrent negative collusion in the economy.

It is expected that the level of the gross national product and the corresponding level of public expenditure and its financing from real sources with the instruments of taxation will be the main factor of reducing inflation from today's level to a level that is somehow bearable for business activities.

Between the end of 1991 and the end of 1992, the money supply—money in circulation and money on deposit accounts—will be increased from 195 billion dinars to 960 billion dinars, which is almost a five-fold increase, or an average monthly rise of 37 percent. The supply of money is planned to reach 1,560 billion dinars by the end of September of 1992. [all figures as heard] This is a 17-percent increase a month over the next quarter. Not only has the monthly rate of increase been reduced by half, but the absolute amount of increase also fell in July of 1992 to 250 billion in comparison with the increase in June 1992, which amounted to 330 billion dinars.

The measures in the sphere of monetary policy are based on the establishment of a single monetary system of the Federal Republic of Yugoslavia, a single Central Bank, and the policy of healthy money. The monetary policy will, above all, be placed under strict control. All forms of irregular issue of money [siva emisija] will be eliminated. Only the deficits that are precisely determined in advance will be covered by the issue of money. In this sense, one could say that the monetary policy will be relatively neutral.

The single monetary system assumes the existence of a single issuing bank. In this sense we will pass a new law on the National Bank of Yugoslavia. The monetary policy in the third quarter will have a firm framework that assumes the issuing of the total of 600 billion dinars at the following pace: 250 billion dinars will be issued in July, 250 billion in August, and 100 billion in September. As to the allocation of the money, the 200 billion will be used to cover the fiscal deficit. The 400 billion will mainly or above all be used in agriculture for selective purposes. The selective use of this money in agriculture will be directed toward the purchase of wheat and the purchase of berrylike fruit. The selective funds for these purposes will not exceed 60 percent. The remaining 40 percent of the selective funds will be secured from commercial banks.

The discount rate of the National Bank of Yugoslavia is raised from the current 4 percent a month to 16 percent a month. To further stabilize the monetary currents, we will be rigorously controlling the use of money from the selective funds and, if possible, reduce their size below the current level.

Regulating the distribution of money in the sphere of incomes is the third important part of the program. Had we not been subjected to the general blockade, the domain of incomes would only have been institutionally regulated in a different way compared to how it was done in the past, while the volume of funds for incomes would not have been reduced in real terms, because incomes have generally been following the gross national product and were not having an inflationary effect.

Now incomes also have to be reduced in real terms, depending on the level of the gross national product. This will be done in such a way so that at the same time the system of determining incomes is organized in a different way. We are setting the upper limit of aggregate incomes that can be paid out by enterprises, that is to say, any employer. This limit is calculated by the number of employees over the number of unskilled employees being multiplied by the maximum pay for unskilled work.

This income for June has been calculated to be 130,000 old or 13,000 new dinars. This income will be altered every month depending on general economic activities, above all, the level of production and price rises. Therefore, we are not talking about a wage freeze, but about a mechanism that would, after it has been applied for a few months, lead to the equalization of pay for the same kind of employees, regardless of where they work.

This essentially administrative measure would result in what a true labor market would have spontaneously produced under normal conditions anyway. However, considering the fact that, because of the character of ownership, we do not have the conditions for the functioning of the classical labor market, since those employed have a right to a part of the profits, this concept of distribution leaves room for the employees, who would have the right to higher pay according to the existing general collective pay agreement, to receive the difference in the form to which owners of capital have a right, that is to say, in the form of dividends. This time, income from this kind of earning will also be subject to taxation. Enterprises will not be able to buy off these owners rights at a later stage.

In addition to these macroeconomic measures for alleviating the negative consequences of the fall in the gross national product on the social security of those employed and their families, we will undertake other measures in the sphere of the social policy. This model of distributing incomes ensures a more equal distribution of the burden during the economic blockade and excludes the monopoly position of certain enterprises and certain branches of the economy.

The proposed regulations on the size of pensions during the economic sanctions ensure the regulation of the pensions in the same way. The July pensions would be set according to the existing rules, including the difference for June, according to the rise of salaries in June. The subsequent pensions would be increased depending on the percentage rise of salaries in the economy.

The price policy in the newly arisen circumstances had to have characteristics of far more rigorous control than would have been the case had the blockade not taken place. The question of the balances of vital products is raised with more seriousness now so that, on the one hand, in addition to the prices policy, we also have to regulate the flow of certain goods, and, on the other hand, because of the total isolation of the complete domestic market, including the territories of the former Yugoslavia, a great number of producers in Serbia have become monopolists, and thus their prices have to be treated as classical monopolies. The inevitable result of this situation is the prices policy that has resulted in 26 percent of prices being prescribed and 26 percent of prices being agreed on, that is to say, something over 50 percent of prices being under control.

The question that is being asked is whether it would have been better to freeze all prices, since such a large percentage of prices are under control. We considered this, but came to the conclusion that it was better to leave some prices to be freely set, because, on the one hand, they will be restricted by competition and effective demand, while on the other hand, their freezing would raise the question of the existing parities.

The envisaged blueprint and mechanisms are aimed at excluding those price increases that are primarily a result of the expected increase in production costs or the desire to make extra profit from inflation, and acknowledging as justified those price increases that are a result of present increased production costs that are already a reality. In this way, we expect to slow down inflation considerably and prevent artificial shortages and an unnecessary fall in production.

The decisions concerning the requested price increases will be passed within eight days. The experts and representatives of the Economic Chamber will also be included in the decision making process. A Prices Directorate has been set up as a government body.

Regarding the goods whose prices will be frozen at the present level, it was considered that the present level would allow profitable production in the future also but would also protect the standard of living of citizens. The shocks that our economy is exposed to inevitably demand adjustments in the structure of production. Losses on some goods on the domestic market that are a result of the blockade provide the maximum possible stimulus to the potential domestic producers.

We will also need to identify the potentials of production and goods with which we could enter those foreign markets that are not completely closed to our economy. The assistance the state and its offices can provide in the revitalization of the production will be available to our enterprises to the greatest possible extent.

The program I am speaking about cannot be compared to the programs drawn up in circumstances that are the slightest bit normal, therefore, its anticipated results cannot be measured by the standard indicators of success. However, the program could be considered a successful one if no considerable unexpected shortages of basic goods occur, if further inevitable social problems are highlighted and dealt with within the limits of the planned available resources and settled and resolved in an organized manner, and, finally, if the monthly price increase diminishes considerably with a tendency of nearing the level of 20 percent per month.

If the blockade lasts, the program will be adapted, first of all so that all aspects of expenditure will be cut even more radically, all the way to the total transition to complete distribution of factors of production and goods. However, if the blockade only lasts a short period of time—which is our ultimate goal—the positive contribution of this program would be that it would leave an ordered situation in the monetary sphere, the sphere of public expenditure, and in the domain of earnings. We would thus have achieved a starting foundation for a new program that would be drawn up on the new, ordered conditions.

In the inflationary situation in which we find ourselves and the corresponding uncertainty of the analyses and estimates, flexibility is the main guiding principle in the application of this program. What we must avoid is to trigger with our measures a fall in the production that would be greater than is inevitable due to the blockade of other physical bottlenecks. This can happen if prices continue to grow faster than the adjustment of salaries, and in this way, excessively restrict the real spending power of the population. Therefore, we will have to monitor the trends daily and be ready to react quickly.

At the same time, we must be adamant in the application of all measures. The government, therefore, proposes to the Assembly that it adopt the laws in a summary procedure that would allow responsibility to be established for the implementation of these measures. Bearing in mind the real socioeconomic restrictions, the government, while preparing these measures, relied on the findings of the experts of the economic council and the expert groups gathered around the council, and on talks with several hundred directors of the biggest Serbian enterprises and economic chambers. Bearing in mind that these measures are aimed at alleviating the negative consequences of the economic blockade of our economy and influencing the standard of living of a huge number of our workers, the government gave special consideration to the stands of trade unions, especially several hundred factory trade unions.

Esteemed deputies! I propose that today the Assembly adopt the laws proposed by the government and in this

way create the conditions in which the government, within the scope of its powers, would be able to influence the alleviation of the consequences of the economic blockade. Here, we stress again that the ultimate objective and the priority task of this government, the Assembly, and the future Federal Government is to ensure that the measures of the economic blockade are lifted as soon as possible. The purpose of this program is not to accept the blockade as a fact we have to live with, but to alleviate the consequences while the blockade lasts. We must do our best at the diplomatic, state, and economic level for the blockade to be abolished as soon as possible. Thank you very much.

Trade Ministry Details Effects of UN Sanctions

LD0807134992 Belgrade TANJUG in English 1250 GMT 8 Jul 92

[Text] Belgrade, July 8 (TANJUG)—The Foreign Trade Ministry of the Yugoslav Republic of Serbia has prepared a report containing all details concerning the economic sanctions against the Federal Republic of Yugoslavia.

The United Nations Security Council on May 30 adopted wide-ranging sanctions against the Federal Republic of Yugoslavia, i.e., its two republics of Serbia and Montenegro.

The report, titled "The Economic Blockade Against the Federal Republic of Yugoslavia," contains details about the sanctions collected by the Serbian Government, Yugoslav diplomatic missions abroad and the TANJUG news agency.

According to a survey published by the Belgrade daily BORBA on Wednesday [8 July], most of the Yugoslav firms have survived the first month of the blockade, but they face burning problems in the future.

Large firms are in an extremely difficult situation. They are running out of stocks, and most of them have laid off their workers with minimum pay, BORBA writes.

Vice-chairman of the Saatchi and Saatchi private enterprise in Belgrade Ivan Stankovic says that his firm has lost several million dollars in the first month of the sanctions.

"The sanctions have ruined our deals with the international Proctor and Gamble corporation, which intended to buy some Yugoslav manufacturers, and with a leading world chocolate producer, Mars."

Director of the premier department store in Belgrade Dragan Zlatkovic says that sale has not dropped drastically, but added that obtaining goods from abroad has become increasingly difficult. That will affect business in the future too if the sanctions last, Zlatkovic said.

Vesna Milosevic, who is in charge of the marketing activities of the Genex-McDonalds fast food restaurants in Belgrade, says that the restaurants have enough food and raw materails for now.

However, she says that some of the restaurants will be closed if the sanctions last for a long period.

Democratic Party Demands Minister's Resignation

LD0707161792 Belgrade TANJUG Domestic Service in Serbo-Croatian 1409 GMT 7 Jul 92

[Text] Belgrade, 7 July (TANJUG)—The Democratic Party today called for the immediate resignation of the Serbian Finance Minister "because of the chaos that arose in the course of the exchange of money."

The process of establishing who is to blame for this must start with the resignation of the most responsible financial official, the information service of the Democratic Party says.

Explaining the demand, the party stresses that the exchange of notes has been implemented in an impermissibly disorganized way, which there has been much speculation and abuse, and that it is not sufficient for the Serbian government to set up a commission to find who is responsible for such a situation and for the maltreatment of the citizens.

Montenegro

Socialist Party Harbors Reservations About Panic

LD0907124592 Belgrade TANJUG Domestic Service in Serbo-Croatian 0956 GMT 9 Jul 92

[Excerpt] Podgorica, 9 July (TANJUG)—The Socialist Party of Montenegro [Socijalisticka Partija Crne Gore] harbors strong reservations about the election of Milan Panic as prime minister of the Federal Republic of Yugoslavia, it was stressed at a news conference of the party today.

Panic's election is only an alibi for, as they said, a misguided policy. The prime minister designate, as it was stressed, financed the policy of Slobodan Milosevic, and therefore he is not going to renounce it.

Panic will not change anything, and he, as it was said, does not enjoy such support in the world as is presented to the domestic public. [passage omitted]

Macedonia

President Emphasizes Cooperation With Greece

LD0907065292 Belgrade TANJUG in English 0422 GMT 9 Jul 92

[Text] Athens, July 9 (TANJUG)—Kiro Gligorov, president of the Republic of Macedonia (formerly a republic

in southeastern Yugoslavia), called Wednesday [8 July] evening on Greece for a calm dialogue, cooperation, and a turn to the future along with goodneighbourship and due respect for historical rights of all. He said so in an interview with MEGA, Greece's commercial TV station.

The interview's central topic was the question of the name of Macedonia whose change, on Athens' insistence, was set in the Lisbon EC summit declaration as a condition for the Twelve's [EC] taking decision on granting recognition to that republic in the one-time Yugoslavia. On this condition, Athens is offering cooperation and aid to Skopje.

Like Macedonia's parliament did, Gligorov refused to have the name of the Macedonian state changed, remarking that this would be "a simplified solution taken at a moment overburdened with emotions in the already nervous Balkan areas."

"What is needed is a dialogue, not a dictate," and the only just stand would be to take "a solution acceptable to all sides, to the EC, Greece and Macedonia," he explained but did not word it. [sentence as received]

Macedonia is "ready for any talk whatsoever with both the EC and Greece, and we could come to a solution," he underlined.